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IIFL FINANCE LIMITED

IIFL Finance Limited (the "**Company**" or "**Issuer**") was incorporated at Mumbai on October 18, 1995 as a private limited company with the name Probity Research & Services Private Limited under the provisions of the Companies Act, 1956. The status of our Company was changed to a public limited company and our name was changed to Probity Research & Services Limited pursuant to a fresh certificate of incorporation dated on April 28, 2000 issued by the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was subsequently changed to India Infoline.Com Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on May 23, 2000. The name of our Company was further changed to India Infoline Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on March 23, 2001. Thereafter, the name of our Company was changed to IIFL Holdings Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on February 18, 2014. Thereafter, the name of our Company was changed to IIFL Finance Limited and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on May 24, 2019. Also, our Company has obtained a Certificate of Registration dated March 06, 2020 bearing Registration No. N-13.02386 issued by the Reserve Bank of India ("**RBI**") to commence the business of a non-banking financial institution without accepting public deposits under Section 45 IA of the RBI Act, 1934. Our Company is a Non-Banking Finance Company- Middle Layer ("**NBFC-ML**"). For details of the changes in name of our Company, see "*General Information*" beginning on page 44.

Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane 400 604, Maharashtra, India
Tel.: +91 22 4103 5000; **Fax:** +91 22 2580 6654;
Corporate Office: 802, 8th Floor, Hubtown Solaris, N.S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai 400069, Maharashtra, India
Tel.: +91 22 6788 1000; **Fax:** +91 22 6788 1010
Contact Person: Mauli Agarwal, Company Secretary and Compliance Officer
E-mail: csteam@iifl.com; **Website**: www.iifl.com**; Corporate Identity Number**: L67100MH1995PLC093797

PROMOTERS OF OUR COMPANY: NIRMAL BHANWARLAL JAIN AND R VENKATARAMAN

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF IIFL FINANCE LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO 4,23,94,270 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹ 300 PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 298 PER EQUITY SHARE) AGGREGATING UP TO ₹ 1,271.83 CRORES ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 RIGHTS EQUITY SHARE FOR EVERY 9 EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON TUESDAY, APRIL 23, 2024 ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" BEGINNING ON PAGE 249.

WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the statement of "*Risk Factors*" beginning on page 17.

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**" together with BSE, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through their letters dated April 12, 2024 and April 10, 2024, respectively. Our Company will also make applications to BSE and NSE to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE
Ambit Private Limited Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400013, Maharashtra, India **Tel**: +91 22 6623 3030 **Email**: iiflfinance.rights@ambit.co **Website**: www.ambit.co **Investor Grievance E-mail**: customerservicemb@ambit.co **Contact person**: Nikhil Bhiwapurkar/Devanshi Shah **SEBI Registration No**: INM000010585	**Motilal Oswal Investment Advisors Limited** Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai 400 025, Maharashtra, India **Tel:** +91 22 7193 4380 **E-mail:** iiflfinance.rights@motilaloswal.com **Investor Grievance E-mail:** moiaplredressal@motilaloswal.com **Website:** www.motilaloswalgroup.com **Contact person:** Subodh Mallya/ Sankita Ajinkya **SEBI registration no.:** INM000011005	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, L.B.S. Marg Vikhroli (West), Mumbai 400 083 Maharashtra, India **Tel.:** +91 22 4918 6200 **Email:** iifl.rights2024@linkintime.co.in **Investor Grievance E-mail**: iifl.rights2024@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Ms. Shanti Gopalkrishnan **SEBI Registration No.**: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
Tuesday, April 30, 2024	Wednesday, May 8, 2024	Tuesday, May 14, 2024

**Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renouncees on or prior to the Issue Closing Date.*

***Our Board or the Securities Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates, requires or implies or unless otherwise specified, shall have the meaning as provided below.

References to any legislation, act, regulation, rule, guideline or policy shall be to such legislation, act, regulation, rule, guideline or policy as amended, supplemented, re-enacted, or modified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI LODR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

The following list of capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Provided that terms used in "Summary of Letter of Offer", "Financial Statements", "Statement of Special Tax Benefits", "Outstanding Litigations and Defaults" and "Terms of the Issue" beginning on pages 15, 79, 54, 223 and 249 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections.

General Terms

Term	Description
"Company" / "Our Company" / "the Company" / "the Issuer"	IIFL Finance Limited, public limited company incorporated under the Companies Act, 1956, validly existing under Companies Act, 2013, registered as an NBFC with the RBI under Section 45-IA of the RBI Act and having its Registered Office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate Thane – 400604, Maharashtra, India.
"We" / "Our" / "Us" / "our Group"	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company and our Subsidiaries, on a consolidated basis

Company Related Terms

Term	Description
"Articles of Association" or "Articles"	Articles of Association of our Company, as amended from time to time
Audit Committee	Audit committee of our Board
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at for the year ended March 31, 2023, which comprises the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, prepared in accordance with Ind AS and the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013
"Auditors" or "Joint Statutory Auditors"	The current joint statutory auditors of our Company, being, Chhajed & Doshi, Chartered Accountants and Sharp & Tannan Associates, Chartered Accountants
"Board of Directors", or "Board" or "our Board"	The board of directors of our Company or any duly constituted committee thereof
Directors	Directors on our Board, as may be appointed from time to time
Equity Shares	Fully paid-up equity shares of face value of ₹ 2 each of our Company
ESOP(s)	Employee Stock Options Plan
IIFL ESOP Plan	IIFL Finance Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme
IIHFL	IIFL Home Finance Limited
Group Companies	Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations
Independent Directors	An independent Director of our Company appointed as per the Companies Act, 2013 and the SEBI Listing Regulations. For details of the Independent Directors, see "*Our Management*" beginning on page 74.

Term	Description
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" beginning on page 74
"Memorandum of Association" or "Memorandum"	Memorandum of Association of our Company, as amended from time to time
Promoters	The promoters of our Company, being Nirmal Bhanwarlal Jain and R Venkataraman. For further details, please see "*Capital Structure"* on page 49
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered Office	Registered office of our Company situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604, Maharashtra, India
Securities Issue Committee	Securities issue committee of our Board
Senior Management Personnel	Senior management personnel of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, and as disclosed in "*Our Management*" on page 74
"Subsidiary" or "Subsidiaries"	The subsidiaries of our Company, namely: (i) IIFL Home Finance Limited; (ii) IIFL Samasta Finance Limited; (iii) IIHFL Sales Limited; and (iv) IIFL Open Fintech Private Limited.
"Shareholders" or "Equity Shareholders"	Holders of the Equity Shares from time to time
Unaudited Consolidated Financial Results	The limited reviewed unaudited consolidated financial statements of our Company as of and for the nine month period ended December 31, 2023, prepared in accordance with Ind AS 34 prescribed under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 for complying with Regulation 33 and 52 of the SEBI Listing Regulations

Issue Related Terms

Term	Description
"Abridged Letter of Offer" or "ALOF"	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under the Issue in addition to the Rights Entitlement
"Allotment" or "Allot" or "Allotted"	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account(s)	The account(s) opened with the Banker to the Issue, into which the Application Money, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act
Allotment Account Bank	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts has been opened, in this case being, HDFC Bank Limited
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
Ambit	Ambit Private Limited
"Applicant(s)" or "Investor(s)"	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer, including an ASBA Investor
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price

Term	Description
Application Form	Unless the context otherwise requires, an application form used by an Applicant to make an application for the Allotment of Rights Equity Shares in the Issue
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
“Application Supported by Blocked Amount” or “ASBA”	Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI ICDR Master Circular to the extent it pertains to the rights issue process and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard
Banker to the Issue	HDFC Bank Limited
Banker to the Issue Agreement	Agreement dated April 17, 2024 entered into by and among our Company, the Registrar to the Issue, the Lead Managers and the Banker to the Issue for *inter alia* collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in the Issue, as described in “*Terms of the Issue*” beginning on page 249
“Controlling Branches” or “Controlling Branches of the SCSBs”	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time
Demographic Details	Details of Investors including the Investor’s address, PAN, DP ID, Client ID, bank account details and occupation, where applicable
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue excludes certain overseas shareholders. For further details, see “*Notice to Investors*” and “*Restrictions on Purchases and Resales*” beginning on page 10 and 279, respectively
“Equity Shareholder(s)” or “Shareholders”	Holder(s) of the Equity Shares of our Company
Escrow Collection Bank	HDFC Bank Limited
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower as defined under Regulations 2(1)(lll) of the SEBI ICDR Regulations
“Issue” or “Rights Issue”	This Issue of up to 4,23,94,270* Rights Equity Shares for cash at a price of ₹ 300 per Equity Share for an amount aggregating to ₹ 1,271.83 crores* on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 1 Rights Equity Share for every 9 Equity Shares held by the Eligible Equity Shareholders on the Record Date **Assuming full subscription in the Issue and subject to finalization of Basis of Allotment*
Issue Agreement	Issue agreement dated April 17, 2024 between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	May 14, 2024
Issue Materials	Collectively, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue

Term	Description
Issue Opening Date	April 30, 2024
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	₹300 per Equity Share
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to 4,23,94,270 Rights Equity Shares aggregating up to ₹ 1,271.83 crores* **Assuming full subscription in the Issue and subject to finalisation of the Basis of Allotment*
Lead Managers	Ambit Private Limited and Motilal Oswal Investment Advisors Limited
Letter of Offer	This letter of offer dated April 17, 2024 filed with SEBI and the Stock Exchanges
Listing Agreements	The uniform listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI LODR Regulations
Motilal Oswal	Motilal Oswal Investment Advisors Limited
Monitoring Agency	CRISIL Ratings Limited
Monitoring Agency Agreement	Agreement dated April 17, 2024 entered between our Company and the Monitoring Agency in relation to monitoring of Net Proceeds
Multiple Application Forms	More than one Application form submitted by an Eligible Shareholder/ Renouncee in respect of the same Rights Entitlements available in their demat account. However, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" beginning on page 51
Non-Institutional Investors	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before May 8, 2024
"Qualified Institutional Buyers" or "QIBs"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being April 23, 2024
Refund Bank	The Bankers to the Issue with whom the refund account is opened, in this case being HDFC Bank Limited
Registrar Agreement	Agreement dated April 17, 2024 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar pertaining to this Issue
"Registrar to the Issue" or "Registrar"	Link Intime India Private Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on May 8, 2024 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in

Term	Description
	proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 1 Rights Equity Share for every 9 Equity Shares held by an Eligible Equity Shareholder
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to the Issue
SCSB(s)	Self-certified syndicate bank(s) registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or such other website as updated from time to time
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, i.e., BSE and NSE
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Days	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
"₹" or "Rs." or "Rupees" or "INR"	Indian Rupee
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Arbitration Act	Arbitration and Conciliation Act, 1996
AS or Accounting Standards	Accounting standards issued by the ICAI
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Companies Act	Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013 along with the relevant rules made thereunder

Term/Abbreviation	Description/ Full Form
CSR	Corporate Social Responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
“DP” or “Depository Participant”	Depository participant as defined under the Depositories Act
DP ID	Depository Participant’s Identification number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly Department of Industrial Policy and Promotion)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ECB	External Commercial Borrowings
ECB Master Directions	Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 issued by the RBI, as amended from time to time
EGM	Extraordinary general meeting
EPF	Employees’ provident fund
EPS	Earnings Per Share
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
“Financial Year” or “Fiscal Year” or “Fiscal” or “FY”	Period of 12 months ending March 31 of that particular year
FPI	Foreign portfolio investors as defined and registered under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GAAR	General anti-avoidance rules
GAAP	Generally Accepted Accounting Principles in India
Gazette	Official Gazette of India
GDP	Gross domestic product
GOI / Government	Government of India
GST	Goods and services tax
“IBC” or “Bankruptcy Code”	The Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
Income Tax Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
ISIN	International Securities Identification Number
IST	Indian Standard Time
IT	Information technology
KYC	Know your customer
MICR	Magnetic Ink Character Recognition
MCA	Ministry of Corporate Affairs, Government of India
“Mn” or “mn”	Million
“MSME” or “SME”	Micro, Small and Medium Enterprise
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India

Term/Abbreviation	Description/ Full Form
	(Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
NBFC	Non-Banking Financial Company
NBFC-D	Deposit-Taking Non-Banking Financial Company
NBFC-ML	Non-Banking Financial Company- Middle Layer
Net Worth	Net worth as defined under Regulation 2(1)(hh) of the SEBI ICDR Regulations, i.e., the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NEFT	National Electronic Fund Transfer
Net Retail NPA	Represents closing balance of the Net NPA of our Retail AUM as of the last day of the relevant year or period.
Non-GAAP Financial Measure	A financial measure not presented in accordance with generally accepted accounting principles
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE	Non- Residential External
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non-Resident Ordinary
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
"OCBs" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
ODI	Off-shore Derivate Instruments
p.a.	Per annum
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	Prevention of Money Laundering Act, 2002
RBI	Reserve Bank of India
RBI Master Directions	Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023
RERA	Real Estate Regulation and Development Act, 2016
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Maharashtra at Mumbai
ROAA	Return on average assets
ROAE	Return on average equity
ROE	Return on equity
RoNW	Average Return on Net Worth

Term/Abbreviation	Description/ Full Form
RoW	Rest of the World
RTGS	Real Time Gross Settlement
“SARFAESI Act” or “SARFAESI”	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Master Circular	SEBI master circular bearing number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI LODR Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
State Government	Government of a state of India
TAN	Tax deduction account number
TDS	Tax deduction at source
UPI	Unified Payment Interface
USD	United States Dollar
“U.S.” or “USA” or “United States”	United States of America, its territories or possessions, any state of the United States, and the District of Columbia
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
Y-o-Y	Year-on-year

Industry Related Terms

Term/Abbreviation	Description/ Full Form
AMC	Asset Management Company
AUM	Asset Under Management (meaning total adjusted Loans & Advances)
ECBs	External Commercial Borrowing.
FCNR	Foreign Currency Non-Resident.
Hybrid Debt	A capital instrument, which possesses certain characteristics of equity as well as debt
IFC	Infrastructure Finance Company.
IRDA	Insurance Regulatory and Development Authority.
ISO	International Organization for Standardization.

Term/Abbreviation	Description/ Full Form
LIC	Life Insurance Corporation of India
LTV	Loan to value ratio
MFI	Microfinance institutions
Middle Layer	The Middle Layer shall consist of (a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1000 crore and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).
MICR	Magnetic Ink Character Recognition.
MoU	Memorandum of Understanding.
MSME	Micro, Small and Medium Enterprises
NPAs	Non-Performing Assets.
Owned Funds	Paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any
RBI	Reserve Bank of India.
Upper Layer	The Upper Layer shall comprise of those NBFCs which are specifically identified by RBI vide notification dated DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021.
UTI	Unit Trust of India.
WCDL	Working Capital Demand Loan.
XIRR	Internal rate of return for irregular cash flows.
Yield	Ratio of interest income to the daily average of interest earning assets.

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, Application Form, Rights Entitlement Letter and any other offering material and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form may come are required to inform themselves about and observe such restrictions. For more details, see "*Restrictions on Purchases and Resales*" beginning on page 279.

In accordance with the SEBI ICDR Regulations, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the "**Issue Materials**") will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Issue Materials will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Eligible Equity Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Managers and the Stock Exchanges.

Our Company, the Lead Managers, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent on the registered email addresses of such Eligible Equity Shareholders.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed, in whole or in part, in (i) the United States or (ii) any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their affiliates to any filing or registration requirement (other than in India). If Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see "*Restrictions on Purchases and Resales*" beginning on page 279.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that such person is outside the United States and is authorized to acquire the Rights Entitlements or Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the "*Restrictions on Purchases and Resales*" section beginning on page 279.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdiction where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Managers or their affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity

Shares by such offeree or purchaser under any applicable laws or regulations.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S SECURITIES ACT**") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT TO ELIGIBLE EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER THE LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. federal or state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) 'India' are to the Republic of India and its territories and possessions; (ii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable; and (iii) the 'US' or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year. Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

Financial Data

Unless stated otherwise, the financial data in this Letter of Offer is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results for the nine month period ended December 31, 2023. Our Financial Year commences on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31. For details of the financial statements, please see "*Financial Statements*" beginning on page 79. Financial information for nine months period ended December 31, 2023 is not indicative of our future operating results and are not comparable with our annual financial information.

We prepare our financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. We publish our financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Rupees, in crore.

Non-GAAP Financial Measures

We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, these Non-GAAP Financial Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed.

Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Letter of Offer. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based solely on such information.

Currency of Presentation

All references to

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India;
- 'US$', 'USD', '$' and 'U.S. dollars' are to the legal currency of the United States of America;

Please note:

- One million is equal to 1,000,000 or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

Conversion Rates for Foreign Currency:

The conversion rate for the following foreign currency is as follows:

S. No.	Name of the Currency	As of December 31, 2023 (in ₹)*	As of March 31, 2023 (in ₹)	As of December 31, 2022 (in ₹)	As of March 31, 2022 (in ₹)
1.	1 USD	83.12	82.22	82.76	75.81

Source: www.fbil.org.in

**If the reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day has been disclosed. The reference rates are rounded off to two decimal places.*

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to' 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, result of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- We cannot sanction or disburse gold loans or assign/ securitise/ sell any of our existing gold loans pursuant to recent RBI order dated March 4, 2024, till conclusion of a special RBI audit.
- We are subject to periodic inspections by the RBI. Any deficiencies highlighted by RBI are required to be rectified and we may be subject to penal action in the event of failure to comply with RBI directions. Any such penal action could adversely impact our overall brand, profitability and results of operations.
- We are subject to supervision and regulation by the RBI as a NBFC-ML, and changes in RBI's regulations governing us could adversely affect our business.
- We may not be able to realise the full value of our pledged gold, and inaccurate appraisal of the pledged gold jewellery by our personnel may adversely affect our business and exposes us to potential loss.
- Our Company, Directors, Promoters and our Subsidiaries are involved in certain legal and regulatory proceedings and any adverse outcome in these or other proceedings may adversely affect our future financial performance, business and our operations.
- Our Company's inability to recover the amounts due from customers to whom it has provided secured and unsecured loans in a timely manner, or at all, and its full collateral and its customers' failure to comply with applicable statutory or regulatory requirements in relation to such loans could adversely affect our Company's operations and profitability.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 17, 60 and 192, respectively.

The forward-looking statements contained in this Letter of Offer are based on the beliefs of our Company's management, as well as the assumptions made by, and information currently available to, our Company's management. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company, the Lead Managers and its respective affiliate undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI and Stock Exchange requirements, our Company and the Lead Managers will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures and terms of the Issue included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including, in the sections entitled "*Risk Factors*", "*Objects of the Issue*", "*Our Business*" and "*Outstanding Litigation and Defaults*" beginning on pages 17, 51, 60 and 223, respectively.

Primary Business of our Company

Our Company is a Non-Banking Financial Company-Middle Layer registered with the RBI, catering to the credit requirements of a diverse customer base with its plethora of products. Our offerings include home loans, gold loans, micro finance, construction and real estate finance, capital market finance, loan against property and MSME financing.

Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards the following object:

(in ₹ crore)

Particulars	Estimated amount (up to)*
Augmenting the capital base of our Company	1267.05
Net Proceeds*	**1267.05**

** Assuming full subscription and Allotment with respect to the Rights Equity Shares and subject to finalisation of the Basis of Allotment.*

For further details, please see *"Objects of the Issue"* beginning on page 51.

Intention and extent of participation by our Promoters/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement

Pursuant to letters, each dated April 17, 2024, our Promoters and Promoter Group have confirmed that they (i) will subscribe to the full extent of their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our Promoters or other member(s) of our Promoter Group); (ii) will subscribe to additional Rights Entitlements over and above their Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of our Promoter Group; and (iii) may subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue, each as may be applicable, subject to the subscription to additional Rights Equity Shares under (ii) and (iii) above, shall be made to the extent that: (a) it does not result in any obligation on our Promoters and other members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations; and (b) the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations.

Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Summary of outstanding litigation and defaults

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer is set forth in the table below:

Name of Entity	Proceedings involving issues of moral turpitude or criminal liability	Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Proceedings before regulatory authorities involving material violations of statutory regulations	Matters involving economic offences where proceedings have been initiated	Other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position	Aggregate amount involved (to the extent quantifiable) *(in ₹ crore)*
Company							
Against our Company	13	6	1	3	3	Nil	150.65

By our Company	8,240	4	Nil	Nil	Nil	Nil	614.88
Subsidiaries							
Against our Subsidiaries	93	Nil	Nil	1	Nil	Nil	Nil
By our Subsidiaries	10,743	Nil	Nil	Nil	Nil	Nil	214.66

**We have not included amounts in relation to matters which have no financial implication on us.*

For further details, see "*Outstanding Litigation and Defaults*" beginning on page 223.

Risk Factors

For details, see "*Risk Factors*" beginning on page 17. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

Contingent liabilities

For details regarding our contingent liabilities as per Ind AS 37 for the Financial Year 2023, see "*Financial Statements*" beginning on page 79.

Related party transactions

For details regarding our related party transactions as per Ind AS 24 entered into by us for Fiscal 2023 and Fiscal 2022, see "*Financial Statements*" beginning on page 79.

Issue of Equity Shares for consideration other than cash

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Letter of Offer.

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider the risks and uncertainties described below and the other information contained in this Letter of Offer before making any investment decision relating to the Equity Shares.

The risks and uncertainties described in this section are not the only risks that are relevant to us, the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, financial condition, results of operations and cash flows. If any of the following risks or other risks that are not currently known or are now deemed immaterial occur, our business, financial condition, results of operations and cash flows could be adversely affected and the trading price of the Equity Shares could decline and you may lose all or part of your investment.

Please read "Presentation of Financial Information and Other Information – Financial Data" on page 12 before reading this section. This section should also be read with, "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 60, 192 and 79, respectively.

In making an investment decision with respect to the Issue, you must rely on your own examination of our Group and the terms of the Issue, including the merits and risks involved. Prospective investors should also consult their tax, financial and legal advisors about the particular consequences to them of an investment in the Equity Shares.

This section contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. For details, see "Forward-Looking Statements" on page 14.

Our financial year ends on March 31 of each year, so all references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results, which are included in "Financial Statements" on page 79.

INTERNAL RISK FACTORS

1. ***We cannot sanction or disburse gold loans or assign/ securitise/ sell any of our existing gold loans pursuant to recent RBI order dated March 4, 2024, till conclusion of a special RBI audit.***

Recently, an inspection of our Company was carried out by the RBI with reference to our financial position as on March 31, 2023, wherein certain material supervisory concerns were observed by the RBI in respect to the gold loan portfolio of our Company, including serious deviations in assaying and certifying purity and net weight of the gold at the time of sanction of loans and at the time of auction upon default; breaches in loan-to-value ratio; significant disbursal and collection of loan amount in cash far in excess of the statutory limit; non-adherence to the standard auction process; and lack of transparency in charges being levied to customer accounts, etc. Pursuant to press release and order dated March 4, 2024, RBI has directed our Company to cease and desist, with immediate effect, from sanctioning or disbursing gold loans or assigning/ securitising/ selling any of its gold loans. Our Company can, however, continue to service its existing gold loan portfolio through usual collection and recovery processes.

Our gold loan business contributed 31.88% of our consolidated AUM for December 31, 2023 and there can be no guarantee that we will be able to resume normal operations in our gold loan business in a timebound manner. Failure to resume our business will adversely impact our revenue from operations, profitability and overall financial outlook in the immediate future.

While, we have responded to the inspection report and the order of the RBI, including intimating details of actions taken by our Company to address the alleged shortcomings identified in the RBI inspection report for Fiscal 2023, we are currently unable to determine the timeline by when we will be able to resume normal operations in our gold loan business or if we will be able to at all resume normal operations in our gold loan business. Any delay in resumption of our gold loan business will adversely impact our revenue from operations and profitability in the near term. Further, we cannot assure you that we would not be subject to further regulatory action or penalties on account of the alleged deficiencies highlighted in the above order from RBI. Moreover, the aforementioned RBI order has been widely reported in news media. Currently, we are unable to determine the exact negative impact of this order on our operation and we cannot guarantee that this order will not adversely impact the public image of our brand.

As at December 31, 2023, gold loans accounted for 31.88% of the consolidated AUM with an average onboarding ticket size of ₹ 0.74 lakhs, portfolio yield of 19.00% and tenor up to 2 years with a loan to value ratio of 68.88% and as at March 31, 2023, gold loans accounted for 32.08% of the consolidated AUM with an average onboarding ticket size of ₹ 0.63 lakhs, portfolio yield of 17.55% and tenor up to 2 years with a loan to value ratio of 68.21%. The adverse action taken by the RBI would adversely affect our Company's gold loan business and operations. Further, we will not be able to retain our existing customers or onboard new customers for our gold loan business until such period the supervisory restrictions are in place.

2. ***We are subject to periodic inspections by the RBI. Any deficiencies highlighted by RBI are required to be rectified and we may be subject to penal action in the event of failure to comply with RBI directions. Any such penal action could adversely impact our overall brand, profitability and results of operations.***

As a NBFC-ML, we are subject to annual inspection by the RBI in terms of the Master Directions and under Section 45N of the Reserve Bank of India Act, 1934. As part of its inspection, RBI inspects our books of accounts and other records to verify the correctness or completeness of any statement, information or particulars furnished to the RBI, or for the purpose of obtaining any statements, information or particulars which our Company has failed to furnish on being called upon to do so. RBI issues reports to our Company highlighting areas of concern or matters which may require further improvements to our operations. For example, we have in the past received observations in respect of high staff attrition rates and lack of adequate review and oversight of customer service by the Board.

Recently, an inspection of our Company was carried out by the RBI with reference to our financial position as on March 31, 2023 wherein certain material supervisory concerns were observed by the RBI in the gold loan portfolio of our Company, including serious deviations in assaying and certifying purity and net weight of the gold at the time of sanction of loans and at the time of auction upon default; breaches in loan-to-value ratio; significant disbursal and collection of loan amount in cash far in excess of the statutory limit; non-adherence to the standard auction process; and lack of transparency in charges being levied to customer accounts, etc. Pursuant to press release and order dated March 4, 2024, RBI has directed our Company to cease and desist, with immediate effect, from sanctioning or disbursing gold loans or assigning/ securitising/ selling any of its gold loans. Our Company can, however, continue to service its existing gold loan portfolio through usual collection and recovery processes. Further, we are subject to a special audit to be conducted by auditors appointed by the RBI. For further details, refer to the risk factor "*We cannot sanction or disburse gold loans or assign/ securitise/ sell any of our existing gold loans pursuant to recent RBI order dated March 4, 2024, till conclusion of a special RBI audit*." on page 17.

Further, RBI has also found certain other deficiencies, in our operations in their inspection reports in past years such as the inadequacy of IT records related to auction processes, non-maintenance of complete information related to jewellery being auctioned, non-issuance of purity certificate, levying of additional auction charges, failures by internal auditors in pointing out deficiencies in auction process , non-reporting of NPAs to CICs, inadequacy of risk management processes, investment in stressed lenders through AIF route, interest rate model adopted for lending not being approved by board of directors, and multiplicity of loans provided to single customers.

While we are in the process of making rectifications and changes to our operations and systems to the satisfaction of the regulator, any failure to do so may subject us to regulatory action including monetary penalties. Any adverse regulatory action arising from contravention of regulatory requirements as highlighted in inspection reports may also adversely impact the IIFL Finance brand and hence, our overall business operations. Additionally, any such penal action could adversely impact our profitability and results of operations.

3. ***We are subject to supervision and regulation by the RBI as a NBFC-ML, and changes in RBI's regulations governing us could adversely affect our business.***

Being an NBFC, the operations of our Company are subject to various regulations prescribed by the RBI and other statutory authorities including regulations relating to foreign investment in India. Our Company has a certificate of registration from the RBI to operate as a Non-Banking Financial Company and is regulated by the RBI. Accordingly, legal and regulatory risks are inherent and substantial in our business. As we operate under licenses and registrations obtained from the applicable regulators, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circulars, notifications and regulations issued by the relevant regulators.

Pursuant to the Master Directions-Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023 dated October 19, 2023 issued by the RBI, NBFCs are required to consider a loan as non-performing asset if it is overdue for more than 90 days than the earlier norm of 180 days overdue for loans. Our Company is required to maintain a CAR of 15% besides complying with other prudential norms, directions and the requirements under the revised regulatory framework. Further, RBI had by way of circular dated June 24, 2021 capped the dividend pay-out ratios for NBFCs and has laid out minimum prudential guidelines for NBFCs to be eligible for declaring and paying out dividends. Restrictions as laid out by RBI may restrict our Company to pay out dividend to its shareholders. Compliance with many of the regulations applicable to our Company across jurisdictions including any restrictions on investments and other activities currently being carried out by our Company involve a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected. Further, the RBI may amend regulations/ guidelines applicable to NBFCs in future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance.

While, RBI has not provided for any restriction on interest rates that can be charged by NBFC-ML, there can be no assurance that the RBI and/or the Government will not implement regulations or policies, including policies or regulations or legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that could have an adverse effect on non-deposit taking NBFCs. In addition, there can be no assurance that any changes in the laws and regulations relative to the Indian financial services industry will not adversely impact our business. We work in a regulated environment and we cannot predict any restrictions that may be placed by the regulator with respect to interest that is to be charged to our customers in future. There can be no assurance that any changes in the laws and regulations relative to the Indian financial services industry will not adversely impact our business.

4. We may not be able to realise the full value of our pledged gold, and inaccurate appraisal of the pledged gold jewellery by our personnel may adversely affect our business and exposes us to potential loss.

In case of loan against gold, we may not be able to realise the full value of our pledged gold, due to, among other things, defects in the quality of gold. We cannot assure you that we will be able to auction such pledged gold jewellery at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with the auction process. Any failure to recover the expected value of pledged gold could expose us to a potential loss. Any such losses could adversely affect our financial condition, cash flows and results of operations.

The accurate appraisal of pledged gold jewellery is a significant factor in the successful operation of our business and such appraisal requires a skilled and reliable workforce. Recently, an inspection of our Company was carried out by the RBI with reference to our financial position as on March 31, 2023 wherein certain material supervisory concerns were observed by the RBI in the gold loan portfolio of our Company, including serious deviations in assaying and certifying purity and net weight of the gold at the time of sanction of loans and at the time of auction upon default; breaches in loan-to-value ratio; significant disbursal and collection of loan amount in cash far in excess of the statutory limit; non-adherence to the standard auction process; and lack of transparency in charges being levied to customer accounts, etc. Inaccurate appraisal of gold by our workforce may result in gold being overvalued and pledged for a loan that is higher in value than the gold's actual value, which could adversely affect our reputation and business.

Further, we are subject to the risk that our gold appraisers may engage in fraud regarding their estimation of the value of pledged gold. Any such inaccuracies or fraud in relation to our appraisal of gold may adversely affect our reputation, business and financial condition.

5. Our Company, Directors, Promoters and our Subsidiaries are involved in certain legal and regulatory proceedings and any adverse outcome in these or other proceedings may adversely affect our future financial performance, business and our operations.

Our Company, our Directors, our Promoters and our Subsidiaries, are involved, from time to time, in legal and regulatory proceedings that are incidental to our operations and these involve proceedings filed by and against us. These include criminal and civil proceedings, including arbitration cases, consumer proceedings, tax investigations and cases filed by us under the Negotiable Instruments Act, 1881 and Insolvency and Bankruptcy Code, 2016 and other regulatory and statutory proceedings and notices. These proceedings are pending at different levels of adjudication before various courts, fora, authorities, tribunals and appellate tribunals. A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer is set forth in the table below:

Name of Entity	**Proceedings involving issues of moral turpitude or criminal liability**	**Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold**	**Tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold**	**Proceedings before regulatory authorities involving material violations of statutory regulations**	**Matters involving economic offences where proceedings have been initiated**	**Other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position**	**Aggregate amount involved (to the extent quantifiable) *(in ₹ crore)***
Company							
Against our Company	13	6	1	3	3	Nil	150.65
By our Company	8,240	4	Nil	Nil	Nil	Nil	614.88
Subsidiaries							
Against our Subsidiaries	93	Nil	Nil	1	Nil	Nil	Nil
By our Subsidiaries	10,743	Nil	Nil	Nil	Nil	Nil	214.66

**We have not included amounts in relation to matters which have no financial implication on us.*

Further, our Promoters and certain of our members of our Promoter Group had received a show cause notice dated December 2, 2020 from SEBI under Rule 4 of (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 against alleged violation of provisions of Regulation 3(1) read with Regulation 13(1) and 13(2)(a) of SAST Regulation in relation to the acquisition of equity shares of our Company. While, our Promoters replied to the show cause notice explaining there was no intention or agreement to acquire an entitlement to voting rights of 25% or more and a computational error led to the instruction to the broker for purchase of shares and our Promoters rectified the error by disposing of the equity shares, an adjudication order dated March 28, 2022, was passed by SEBI against our Promoters imposing a penalty of ₹ 0.10 crores. Our Promoters vide letter dated May 09, 2022, respectfully disagreed with the findings and imposition of the said penalty but have paid the penalty imposed by SEBI.

Further, SEBI has by way of a letter dated June 7, 2022 directed us to provide certain specific information and documents with respect to suspected insider trading activities, including (amongst others) (a) chronology of events in relation to declaration of financial results for the period ended December 31, 2020 on January 29, 2021; (b) details of all persons who were involved in the process of/ having access to unpublished price sensitive information vis-a-vis the aforesaid financial results; (c) all relevant documentary evidence with respect to communications with members of board of directors for the period August 31, 2020 to May 3, 2021; (d) details of all on market and off market trades undertaken by the directors, promoters, key managerial personnel, compliance officer of our Company and their family members during the period August 31, 2020 to May 3, 2021; (e) relationship of Company and/or any of its Promoters/ Directors/ employees or any other person with the entities as mentioned in the letter issued by SEBI, etc. Each of these requests were responded by our Company to SEBI. Our Company and/or any of its Promoters/ Directors/ employees or group companies or key managerial personnel, compliance officer of our Company and their family members or any other person have not received any further communication from SEBI and no proceedings have been initiated against them by SEBI in relation to the Letter.

Further, a first information report dated September 30, 2013 (“**Complaint**”) was lodged by Pankaj Saraf, an investor in National Spot Exchange Limited (“**NSEL**”), at the MRA Marg Police Station, Mumbai against NSEL and other brokers, including IIFL Commodities Limited, alleging *interalia*, criminal conspiracy, fraud and criminal breach of trust, under Sections 409, 465, 467, 468, 471, 474, 477 (A) of the Indian Penal Code, 1860. In this matter, Economics Offences Wing, Mumbai, has filed its final chargesheet on December 2, 2022. Post this, NSEL and Arvind Bahl, one of the clients of IIFL Commodities Limited moved an application to implead our Director Nirmal Jain, in his capacity as a former director of IIFL Commodities Limited, our Company as promoter of IIFL Commodities Limited along with certain other individuals as accused. Against the said order, our Company and our Director, Nirmal Jain have filed an appeal before the Bombay High Court. The Bombay High Court granted a stay against the said order. The matter is currently pending.

There can be no assurance that these disputes will not be determined against our Company, our Subsidiaries, our Directors or our Promoters or that our Company, our Subsidiaries, our Directors or our Promoters will not be required to pay all or a portion of the disputed amounts or that it will be able to recover amounts for which our Company and our Subsidiaries have filed recovery proceedings and also there can be no assurance that similar proceedings will not be initiated against our Company in the future. Further, there could be a material and adverse impact on our reputation, business and results of operations. In addition, even if our Company our Subsidiaries are successful in defending such cases, they will be subject to legal and other costs to defend such litigation, and such costs may be substantial, which may impact our cash flows.

For further details in relation to legal proceedings, please see “*Outstanding Litigations and Defaults*” on page 223.

6. ***Our Company’s inability to recover the amounts due from customers to whom it has provided secured and unsecured loans in a timely manner, or at all, and its full collateral and its customers’ failure to comply with applicable statutory or regulatory requirements in relation to such loans could adversely affect our Company’s operations and profitability.***

Our Company’s Loan Book, on a consolidated basis as on December 31, 2023, is ₹ 47,209.74 crore which includes secured loans constituting 70.82% and unsecured loans constituting 29.18% of our Company’s Loan Book and as on March 31, 2023, is ₹ 40,101.87 crore, which includes secured loans constituting 73.51% and unsecured loans constituting 26.49% of our Company’s Loan Book. Further our GNPA was 1.71%, our NNPA was 0.87% and our PCR was 150.94% as on December 31, 2023. For further details please refer to the section titled “*Business–- Key Operational and Financial Parameters*” on page 61. Substantial portion of our Company’s Loan Book is secure in nature and the value of collateral that we collect is dependent on various factors, including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) growth real estate sector in India and the areas in which our Company operates, (iv) any change in statutory and/or regulatory requirements; and (v) fluctuation in gold prices. We maintain loan-to-value on the basis of the products being offered and product specific LTVs vary from case to case. In the event our borrowers default on the repayment of loans, we may not be able to realize the full value of the collateral due to various reasons, including a possible decline in the realizable value of the collateral, defective title as security, prolonged legal proceedings, unavailability of a ready market and fraudulent actions by borrowers, or we may not be able to foreclose on collateral at all. Further, certain kinds of loans that are advanced by us are not secured by any assets. In India, foreclosure on collateral may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. Foreclosure on collateral generally requires a written petition to an Indian court or tribunal, any proceedings brought may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral.

A decline in the value of the security could impair our ability to realize the secured assets upon any foreclosure, which may require us to increase our provision for loan losses. In the event of a default with respect to any of these loans, the amounts we receive upon sale of the secured assets may be insufficient to recover the outstanding principal and interest on the loan. If we are required to re-value the assets securing a loan to satisfy the debt during a period of reduced asset values or to increase our allowance for loan losses, our profitability could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The remaining portion of our Company's Loan Book is unsecured and in the event of defaults by such customers, our Company's ability to realise the amounts due to it from the loans would be restricted to initiating legal proceedings for recovery as our Company will not have the benefit of enforcing any security interest. There can be no guarantee as to the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favourable decision for our Company.

7. ***High levels of customer defaults and the resultant non-performing assets could adversely affect our Company's business, financial condition, results of operations and future financial performance.***

Our Company's business involves lending money and accordingly, our Company is subject to risks of customer default which includes default or delays in repayment of principal and/or interest on the loans our Company provides to its customers. Customers may default on their obligations as a result of various factors, including certain external factors which may not be within our Company's control such as developments in the Indian economy and the real estate market, movements in global markets, changes in interest rates and changes in regulations. Customers could also be adversely affected by factors such as, bankruptcy, lack of liquidity, lack of business and operational failure. If customers fail to repay loans in a timely manner or at all, our Company's financial condition and results of operations will be adversely impacted. To the extent our Company is not able to successfully manage the risks associated with lending to these customers, it may become difficult for our Company to make recoveries on these loans. In addition, our Company may experience higher delinquency rates due to prolonged adverse economic conditions or a sharp increase in interest rates. An increase in delinquency rates could result in a reduction in our Company's total interest income (i.e., our Company's accrued interest income from loans, including any interest income from credit substitutes) and as a result, lower revenue from its operations, while increasing costs as a result of the increased expenses required to service and collect delinquent loans, and make loan loss provisions as per applicable laws. Our Company may also be required to make additional provisions in respect of loans to such customers in accordance with applicable regulations and, in certain cases, may be required to write-off such loans. For further details please refer to the section "*Business - Key Operational and Financial Parameters*" on page 61.

8. ***Our financial performances are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.***

For the nine months period ended December 31, 2023 and nine months period ended December 31, 2022 and for the Fiscals 2023 and 2022, our revenue from operations on a consolidated basis was ₹ 7,412.05 crore, ₹ 6,077.94 crore and ₹ 8,258.85 crore and ₹ 6,854.73 crore, respectively, whereas our total comprehensive income was ₹ 1,532.84 crore, ₹ 1,178.20 crore ₹ 1,639.74 crore and ₹ 1,197.46 crore, respectively.

Our Company's financial performance is substantially dependent upon the level of its net interest margins. As at December 31, 2023, December 31, 2022, March 31, 2023 and March 31, 2022 on a consolidated basis, our Loan Book stood at ₹ 47,209.74 crore, ₹ 36,285.59 crore, ₹ 40,101.87 crore, and ₹ 34,066.58 crore, respectively and our assets under management were ₹ 77,444.16 crore, ₹ 57,940.55 crore, ₹ 64,637.64 crore, and ₹ 51,209.79 crore, respectively.

As a result of certain reserve requirements of the Reserve Bank of India applicable to non-banking financial companies, we are structurally exposed to interest rate risk than other corporates. If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Further, any tightening of liquidity and volatility in markets may limit our access to capital markets and result in an increase in our cost of funding. Continued volatility in international markets could also constrain and increase the cost of our borrowings and our ability to replace maturing borrowings and fund new assets.

Furthermore, we are also exposed to interest rate risks as a result of lending to customers at floating interest rates, which comprise of 42.53%of our total portfolio as on December 31, 2023, and in amounts and for periods which may differ from our funding sources. While we seek to match our interest rate positions to minimise interest rate risk, we are unable to assure you that significant variation in interest rates will not have an effect on our results of operations. Moreover, volatility in interest rates is sensitive to factors which are beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other such considerations. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted and the same would adversely affect our business and results of operations.

9. ***We may not be able to successfully sustain our growth plans.***

In recent years, we have experienced steady growth. Our growth plan includes growing our secured and unsecured lending and expanding our retail customer base through strategic business alliances and marketing initiatives, expanding and diversifying our loan product portfolio, growing our operations and network across the country and expanding our customer base across various business verticals in India. However, there can be no assurance that we will be able to sustain our growth plan successfully or that we will be able to expand further or diversify our product portfolio. If we grow our Loan Book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition. Further, RBI has recently ordered our Company to cease and desist from sanctioning or disbursing gold loans or assigning/ securitising/ selling any of our gold loans, thereby impacting our gold loan operations. Our gold loan business contributed 31.88% of our AUM for December 31, 2023, on a consolidated basis, and there can be no guarantee that we will be able to resume normal operations in our gold loan business in a timebound manner. Failure to resume our business will adversely impact our revenue from operations, profitability and overall financial outlook in the immediate future. Any adverse regulatory action arising from contravention of regulatory requirements may also adversely impact the IIFL Finance brand and hence, our overall business operations.

We also face a number of operational risks in executing our growth strategy. Our Company has experienced growth in our mortgage loans and microfinance loans; our branch network has expanded significantly as part of our growth strategy. Our rapid growth exposes us to a wide range of increased risks, including business and operational risks, such as the possibility of growth of NPAs, fraud risks and regulatory and legal risks.

Our ability to sustain our rate of growth also significantly depends upon our ability to recruit trained and efficient personnel and retain key managerial personnel, maintain effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

Further, a principal component of our strategy is to continue to grow by expanding the size and geographical scope of our businesses, as well as the development of our business streams viz. mortgage loans, construction and real estate finance, small & medium enterprise loans, capital market finance, microfinance and home Loans. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

10. ***Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.***

Our Company's liquidity and ongoing profitability are, to a large extent, dependent upon its timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from various sources, including shareholder funding, term loans, working capital limits from banks, issuance of commercial papers and non-convertible debentures, cash credit facilities from banks and inter-corporate deposits. Thus, our Company's business growth, liquidity and profitability depends and will continue to depend on its ability to access diversified, relatively stable and low-cost funding sources as well as our Company's financial performance, capital adequacy levels, credit ratings and relationships with lenders. Any adverse developments or changes in applicable laws and regulations which limit our Company's ability to raise funds through issuance of non-convertible debentures can disrupt its sources of funding and as a consequence, could have a material adverse effect on our Company's liquidity and financial condition.

Further, the RBI vide its Master Circular no. DOR.CRE.REC.No.07/21.04.172/2023-24 on Bank Finance to Non-Banking Financial Companies dated April 3, 2023, as amended ("**Master Circular – Bank Finance to NBFC**") relating to financing of NBFCs by banks has prescribed that the exposure of a bank to single NBFC which is predominantly engaged in lending against collateral of gold jewellery (i.e. such loans comprising 50 % or more of their financial assets), shall not exceed 7.5 % of the bank's capital funds (Tier I plus Tier II Capital). However, this exposure ceiling may go up by 5 %, i.e., up to 12.5 % of banks' capital funds if the additional exposure is on account of funds on-lent by such NBFCs to the infrastructure sector.

The Master Circular – Bank Finance to NBFC also imposed certain restrictions regarding investments made by banks in securities / instruments issued by NBFCs as follows:

(i) Banks cannot invest in zero coupon bonds issued by NBFCs unless the issuer NBFC builds up sinking fund for all accrued interest and keeps it invested in liquid investments/securities (government bonds); and
(ii) Banks are permitted to invest in Non-Convertible Debentures ("**NCDs**") issued by NBFCs with original or initial maturity for up to a year NBFCs. However, while investing in such instrument's banks should be guided by the extant prudential guidelines in force, ensure that the issuer has disclosed the purpose for which the NCDs are being issued in the disclosure document and such purposes are eligible for bank finance in terms of the Master Circular – Bank Finance to NBFC.

Additionally, pursuant to RBI notification DOR.STR.REC.57/21.06.001/2023-24 dated November 16, 2023, it was decided to increase the risk weights on exposure of scheduled commercial banks on credit facilities provided to NBFCs by 25% points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100%.

These circulars could affect our business and any similar notifications released by the RBI in the future, which has a similar impact on our business could affect our growth, margins and business operations. Our Company's ability to borrow funds and refinance existing debt may also be affected by a variety of factors, including liquidity in the markets, the strength of the lenders from which our Company borrows, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our Company's financing agreements. An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions that constricts the availability of credit may increase our Company's cost of funds and make it difficult for our Company to access financing in a cost-effective manner. A disruption in sources of funds or increase in cost of funds as a result of any of these factors may have a material adverse effect on our Company's liquidity and financial condition

11. ***We have had negative cash flows in the past including negative cash flows from operating activities in Fiscal 2023 and negative cash flows from investing activities in Fiscal 2023 and 2022, and it is possible that we may experience negative cash flows in the future which could adversely affect our cash flow requirements, our ability to operate our business and implement our growth plans, thereby affecting our financial performance.***

We have had negative cash flows from operating activities in Fiscal 2023 and investing activities in Fiscal 2023 and 2022. The table below sets forth selected information from our statements of cash flows in Fiscal 2023 and Fiscal 2022:

(in ₹ crore)

Particulars	Fiscal 2023	Fiscal 2022
Net cash (used in) / generated from operating activities	(4,940.56)	1,783.73
Net cash (used in)/ generated from investing activities	(2,730.45)	(995.79)
Net cash (used in)/ generated from financing activities	5,090.04	2,780.80

For further details, see "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations– Liquidity and Capital Resources*" on pages 79 and 192, respectively. We cannot assure you that we will not experience negative cash flows in the future.

12. ***Our growth will depend on our continued ability to access funds at competitive rates which are dependent on a number of factors including our ability to maintain our credit ratings.***

As we are a "non-deposit accepting" NBFC-ML and do not have access to deposits, our liquidity and ongoing profitability are primarily dependent upon our timely access to, and the costs associated with raising capital. Our business is significantly dependent on funding from the debt capital markets and commercial borrowings. The demand for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors including our ability to maintain positive credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. In relation to our long-term debt instruments, we have long term ratings of 'AA/Watch developing' from CRISIL (earlier rated as AA/Positive) on March 12, 2024, 'IND AA/RWN' from India Rating (earlier rated as IND AA/Positive) on March 13, 2024, 'AA; placed on Rating Watch with Negative Implications' from ICRA (earlier rated as AA; Stable) on March 12, 2024 and 'AA (RWN)' from CARE (earlier rated as AA Stable) on April 13, 2024. Fitch Ratings has put our Company's 'B+' long-term issuer default rating and medium-term note programme on 'Rating Watch Negative' on March 14, 2024, post the RBI order dated March 4, 2024. Further Brickwork Ratings has given our Company a rating of 'BWR AA+/ Rating Watch with Negative Implications (earlier rated as BWR AA+/Stable)' for our non-convertible debentures, on March 14, 2024. In relation to our short-term debt instruments, we currently have a short-term rating of A1+ from CRISIL and ICRA on March 12, 2024 respectively.

Any downgrade of our credit ratings might increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our business, financial condition and results of operations.

Our business depends and will continue to depend on our ability to access diversified funding sources. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. While our borrowing costs have been competitive in the past due to our ability to raise debt products, credit rating and our asset portfolio, in the event we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business and results of operations.

13. ***Insurance of relevant assets obtained by our borrowers may not be adequate to protect them against all potential losses, which could indirectly affect our ability to recover our loans to such borrowers. Further, our insurance coverage may not adequately protect us against losses.***

Pursuant to our loan agreements, where loans are extended on the basis of a charge on assets, our borrowers are required to create a charge on their assets in our favour in the form of hypothecation or mortgage, or both. In addition, the terms and conditions of the loan agreements require our borrowers to maintain insurance against damage caused by any disasters including floods, fires and earthquakes or theft on the assets charged, primarily as collateral against the loan granted by us. However, our borrowers may not have obtained the required insurance coverage, or may not renew the insurance policies, or the amount of insurance coverage may be less than the replacement cost of the relevant assets and therefore insufficient to cover all financial losses that our borrowers may suffer, or at all, resulting in adverse effect on our business and financial condition.

We maintain such insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or coinsurance requirement, could adversely affect our business, financial condition and results of operations. These circulars could affect our business and any similar notifications released by the RBI in the future, which has a similar impact on our business could affect our growth, margins and business operations.

14. ***Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals which are required to operate its existing or future businesses may have a material adverse effect on its business, financial condition and results of operations.***

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, our Company is also required to comply with certain other regulatory requirements for its business imposed by the RBI. In the future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as an NBFC-ML and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the timeframe anticipated by our Company, or at all. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition and results of operation. In addition, our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

15. ***Our Company’s business is dependent on relationships established through its branches with its clients. Any events that harm these relationships including closure of branches or the loss of our Company’s key personnel or employees may lead to a decline in our Company’s revenue and profits. Further, our Company’s results of operations could be adversely affected in the event of any disputes with its employees.***

Our Company’s business is dependent on the key personnel and employees who directly manage client relationships. Our Company encourages dedicated personnel to service specific clients since our Company believes that this leads to long-term client relationships, a trust based business environment and over time, better cross-selling opportunities. While no key personnel or employees contribute a significant percentage of the business, the business may suffer materially if a substantial number of them either becomes ineffective or leaves the organisation. As a result, there may be an adverse effect on our Company's business and profits. While our Company believes that our Company maintains good relationships with its employees, there can be no assurance that our Company will not experience future disruptions to its operations due to disputes or other problems with its work force which may adversely affect our Company’s business and results of operations.

16. ***As on December 31, 2023, our Company’s (on a standalone basis) top 20 borrowers represented 13.32% of our total advances. Our inability to maintain relationships with these customers or any payment default by or credit losses of these customers could materially and adversely affect our business, future financial performance and results of operations.***

As on December 31, 2023, our Company’s top 20 borrowers accounted for 13.32% of our total advances on a standalone basis. Our business and results of operations will be adversely affected if we are unable to maintain or further develop relationships with such significant customers. There can be no assurance that we will be able to maintain the historic levels of business from such significant customers. Further, in the event we lose any such significant customer, we cannot assure that we will be able to replace them, which could have a material adverse effect on our results of operations. Our business and results of operations depend upon the timely repayment of the interest and principal from our significant customers. We cannot assure you that we will not experience delays in servicing of the loan advanced or that we will be able to recover the interest and the principal amount of the loan. Any such delay or default will adversely affect our income from operations and consequently, our profitability. In case we are unable to recover the full amount of principal and interest or any part of thereof, and the collateral is not sufficient to recover the full amount, our financial condition may be adversely affected.

17. ***The value of our collateral may decrease or we may experience delays in enforcing our collateral when borrowers default on their obligations to us which may result in failure to recover the expected value of collateral security exposing us to a potential loss.***

As on December 31, 2023, 70.82% of our Company’s loans, on a consolidated basis, to its customers is secured by collateral. Changes in asset prices may cause the value of our collateral to decline, and we may not be able to realize the full value of our collateral as a result of delays in bankruptcy and foreclosure proceedings, delays in the creation of security interests, defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities), fraudulent transfers by borrowers and other factors, including depreciation in the value of the collateral and illiquid market for disposal of and volatility in the market prices for the collateral, current legislative provisions or changes thereto and past or future judicial pronouncements. Foreclosure on collateral consisting of property can be undertaken directly by lenders by fulfilling certain procedures and requirements (unless challenged in courts of law) or otherwise by a written petition to an Indian court or tribunal. An application, when made (or a legal challenge to the foreclosure undertaken directly), may be subject to delays or administrative requirements that may result in, or be accompanied by, a decrease in the value of collateral. These delays can last for several days and might lead to deterioration in the physical condition or market value of the collateral.

Delays in recovery, bankruptcy and foreclosure proceedings, defects in the title and delays in obtaining regulatory approvals for the enforcement of such collaterals may affect the valuation of the collateral. As a result, our Company may not be able to recover the full value of the collateral for the loans provided by it within the expected timeframe or at all. Further, legal proceedings may have to be initiated by our Company in order to recover overdue payments on loans and as a consequence, the money and time spent on initiating legal proceedings may adversely affect our Company's cash flow.

The value of the security provided by the borrowers to our Company may be subject to a reduction in value on account of various reasons. While our Company's customers may provide alternative security to cover the shortfall, the realisable value of the security for the loans provided by our Company in the event of a liquidation may continue to be lower than the combined amount of the outstanding principal amount, interest and other amounts recoverable from the customers.

Any default in the repayment of the outstanding credit obligations by our Company's customers may expose it to losses. A failure or delay to recover the loan value from sale of collateral security could expose our Company to potential losses. Any such losses could adversely affect our Company's financial condition and results of operations. Furthermore, the process of litigation to enforce our Company's legal rights against defaulting customers in India is generally a slow and potentially expensive process.

Similarly, in case of capital market finance, the value of collateral may be extremely volatile and in default scenario might not yield results same as per book value. A failure to recover the expected value of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations.

Further, the security for our MSME loans are usually movable assets, making it difficult to locate or seize in the event of any default by our customers. There can also be no assurance that we will be able to sell such collaterals at prices sufficient to cover the amounts under default. In addition, there may be delays associated with seizure and disposal of such collaterals, including litigations and court proceedings which is generally a slow and potentially expensive process in India. A failure or delay to recover the expected value from sale of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all.

18. ***Certain of our group companies are involved in regulatory proceedings or have received notices or administrative warning letters from SEBI in the ordinary course of their business. Any adverse orders in such proceedings or pursuant to such notices may result in monetary penalties or administrative warnings or suspension or debarring or cancellations of registrations of the respective entities. While there is no monetary impact on our Company, we may face adverse reputational impact on account of orders or penalties against entities using the IIFL brand.***

Certain of our group companies are SEBI registered intermediaries. In the ordinary course of their respective business, these entities have received and may in the future receive notices or administrative warnings from various regulators. Our group companies are also involved in litigation and regulatory proceedings in the ordinary course of their business. For instance, IIFL Securities Limited and 360 One WAM Limited (*formerly IIFL Wealth Management Limited*) have in the past three financial years settled the following matters, without admission of guilt in terms of the SEBI Settlement Regulations: (i) in terms of a show cause notice dated April 16, 2021 in the matter of alleged manipulation of the reference price considered for execution of block deals in the shares of Alkem Laboratories Limited during April 1, 2019 to September 30, 2019, IIFL Securities Limited, has opted for a settlement and has paid ₹ 2.22 crores towards settlement fees; (ii) in terms of a show cause notice dated June 16, 2022 in respect of alleged facilitation of fraudulent transactions in illiquid stock options on BSE Limited, IIFL Securities Limited, has opted for a settlement and has paid ₹ 0.01 crores towards settlement fees; and (iii) in terms of a show cause notice dated April 16, 2021, in respect of trades executed as a stock broker towards facilitation of alleged manipulation of price of block deal in the shares of Alkem Laboratories Limited, 360 One WAM Limited (*formerly IIFL Wealth Management Limited*), has opted for a settlement and has paid ₹ 3.12 crores towards settlement fees. Further, SEBI had initiated two enquiry proceedings dated July 4, 2022 and July 18, 2022 as well as two adjudication proceedings dated October 28, 2021 against IIFL Securities Limited under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 pursuant to SEBI's observations from six inspections conducted by SEBI during the period between April 1, 2011 to January 31, 2017. The observation letter issued pursuant to the inspections indicated failure of segregation of own funds from clients' funds, misuse of credit balance of clients' funds for the benefit of the clients having debit balance and improper designation of the client bank account. During the period of three years beginning the date of conclusion of the onsite inspection, three supplementary reports were issued in this matter by SEBI. Consequently, SEBI had passed two adjudication orders dated May 20, 2022 and May 30, 2022, imposing a penalty aggregating to ₹ 2.00 crores on IIFL Securities Limited and a separate order dated June 19, 2023 was passed in the enquiry proceedings whereby IIFL Securities Limited was banned on taking up / onboarding any new client for a period of two years in respect of its business as a stockbroker. IIFL Securities Limited filed an appeal against the SEBI order before SAT. SAT vide its order dated December 07, 2023 passed a common order and partly allowed the appeals and set aside the ban on taking up / onboarding any new client for a period of two years in respect of its business as a stockbroker and also reduced penalty to ₹ 0.20 crores. SEBI has filed an appeal against the SAT order before the Supreme Court of India and the matter is currently pending before the Supreme Court of India.

Further, few of our group companies have also received notices and administrative warning letters in the ordinary course of business from various regulators, including notice advising them to submit their compliance with the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 in relation to the "*fit and proper criteria*". The constitutional validity of Schedule II of Securities and Exchange Board of India (Intermediaries) Regulations, 2008, as mentioned in the said notice has been challenged before the Bombay High Court and is presently pending. These notices may result in regulatory action or litigation in the future. Further, one of our group companies, IIFL Commodities Limited's application for registration with SEBI was rejected and it has been debarred from making fresh application, for the period 6 months or complete acquittal by the courts pursuant to the chargesheet or FIR filed by/with EOW, whichever is earlier. The appeal is preferred before the Securities Appellate Tribunal and the same is pending.

Further, in respect of a writ petition filed by Vishvanidhi Dalmia before the Bombay High Court seeking directions under the Maharashtra Protection of Investors Deposits Act, 1999, the Home Department, Government of Maharashtra, issued a notification dated April 04, 2024 under Maharashtra Protection of Investors Deposits Act, 1999, to attach the properties of IIFL Commodities Limited to the extent of brokerage or commission received in respect of unsettled trades viz. ₹ 0.33 crores, in the said matter.

While there is no monetary impact on our Company, we may face adverse reputational impact on account of orders or penalties against entities using the IIFL brand.

19. Any increase in the levels of non-performing assets ("NPA") on our loan portfolio, for any reason whatsoever, would adversely affect our business and results of operations

Various factors, including a rise in unemployment, prolonged recessionary conditions, our regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and global competition, could cause an increase in the level of our non-performing assets and have a material adverse impact on the quality of our loan portfolio. Consistent with the growth of our branch network and our product portfolio, we expect an increase in our loan assets. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs.

As of December 31, 2023, December 31, 2022, March 31, 2023 and March 31, 2022, the gross value of NPAs on a consolidated basis was ₹ 809.19 crore, ₹ 754.10 crore ₹ 738.14 crore and ₹ 1,074.29 crore, respectively which is 1.71%, 2.08%, 1.84% and 3.15%, respectively, of our loan book. Further as of December 31, 2023, December 31, 2022, March 31, 2023 and March 31, 2022, the NPAs on gold loans portfolio on a consolidated basis was ₹ 68.65 crore, ₹ 67.53 crore, ₹ 66.68 crore, and ₹67.76 crore respectively and provision coverage ratio was 19.51%, 16.23%, 17.42% and 20.76%. If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or other loan losses that may occur, or if future regulation (or change in accounting standards) requires us to increase our provisions, our results of operation and financials may get adversely affected including our ability to raise additional capital and debt funds at favourable terms. Further, if our customers are unable to meet their financial obligation in a timely manner, then it could adversely affect our results of operations. Any negative trends or financial difficulties particularly among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. If a significant number of our customers are unable to meet their financial obligations in a timely manner, it may lead to an increase in our level of NPAs. If we are not able to prevent increases in our level of NPAs, our business and our future financial performance could be adversely affected.

20. We may be unable to realize the expected value of collateral when borrowers default on their obligations to us, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We follow internal risk management guidelines in relation to portfolio monitoring which, inter alia, include a periodic assessment of loan to security value on the basis of conservative market price levels and ageing analysis, amongst others. However, we may not be able to realize the full value of the collateral as a result of the following (among other factors):

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain any approvals that may be required from third parties);
- destruction / material damage to the underlying property;
- fraud by borrowers;
- errors in assessing the value of the collateral;
- illiquid market for the sale of the collateral; and

- applicable legislative provisions or changes thereto and past or future judicial pronouncements;

As a result of any of the foregoing factors, we may not be able to realize the full value of collateral, which could have an adverse effect on our financial condition, results of operations and cash flows.

21. ***A failure or inadequacy in our Company's information technology and telecommunication systems or its inability to adapt to rapid technological changes may adversely affect its business, results of operation and financial condition.***

Our Company's ability to operate and remain competitive depends in part on its ability to maintain and upgrade its information technology systems and infrastructure on a timely and cost-effective basis, including its ability to process a large number of transactions on a daily basis. Our Company's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Our Company's financial, accounting or other data processing systems and management information systems or its corporate website may fail to operate adequately or become disabled as a result of events that may be beyond its control, including a disruption of electrical or communications services. RBI has in its past inspection reports, highlighted certain deficiencies in our IT systems such as the inadequacy of IT systems to record information related to auction processes, non-maintenance of complete information related to jewellery being auctioned. Further, the information available to and received by our Company's management through its existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in its operations. If any of these systems are disabled or if there are other shortcomings or failures in our Company's internal processes or systems, it may disrupt our Company's business or impact its operational efficiencies and render it liable to regulatory intervention or damage to its reputation. The occurrence of any such events may adversely affect our Company's business, results of operations and financial condition.

Our Company is dependent on various external vendors for the implementation of certain elements of its operations, including implementing information technology infrastructure and hardware, industry standard commercial off-the-shelf products, networking and back-up support for disaster recovery. Our Company is, therefore, exposed to the risk that external vendors or service providers may be unable to fulfil their contractual obligations to it (or will be subject to the risk of fraud or operational errors by their respective employees) and the risk that their (or their vendors') business continuity and data security systems prove to be inadequate or fail to perform. Failure to perform any of these functions by our Company's external vendors or service providers could materially and adversely affect its business, results of operations and cash flows.

In addition, the future success of our Company's business will depend in part on its ability to respond to technological advances and to emerging financing industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that our Company will successfully implement new technologies effectively or adapt its technology and systems to meet customer requirements or emerging industry standards. If our Company is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, its financial condition could be adversely affected. Any technical failures associated with its information technology systems or network infrastructure, including those caused by power failures and other unauthorised tampering, may cause interruptions or delays in our Company's ability to provide services to its customers on a timely basis or at all, and may also result in added costs to address such system failures and/or security breaches, and for information retrieval and verification.

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

In accordance with the requirements applicable to us, we are mandated to comply with rules and regulations under Prevention of Money Laundering Act 2002 ("**PMLA"**), the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and RBI Know Your Client ("**KYC**") regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our networks for money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities. There can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may, accordingly, be subject to regulatory actions, including imposition of fines and other penalties by the relevant government agencies. We have not been found in non-compliance of the PMLA in Fiscal 23 and Fiscal 24. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

23. ***We have significant exposure to the real estate sector through our housing finance and construction & real estate finance businesses and any negative trends affecting this sector could adversely affect our business and result of operations.***

In our housing finance business, the primary security for the loans disbursed by our Company is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time. The value of the collateral on the loans disbursed by our Company may decline due to adverse market conditions, including an economic downturn or a downward movement in real estate prices. In the event the real estate sector is adversely affected due to a decline of demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collaterals may diminish which may affect our business and results of operations.

We have significant exposure of 46.83% as of December 31, 2023 and 48.22% as of March 31, 2023 to the real estate sector through our housing finance and construction & real estate finance businesses, on a consolidated basis. As of December 31, 2023 on a consolidated basis, we have assets under management aggregating to ₹ 36,270.18 crore, towards mortgage loans which comprises of housing loans of approximately ₹ 25,518.59 crore. Loan against property of ₹7,862.20 crore and construction and developer loans (wholesale book) of ₹ 2,889.40 crore. In the event the real estate sector is adversely affected due to any reason whatsoever, the value of our collateral may diminish which may affect our results of operations in the event of a default in repayment by our clients.

As of December 31, 2023, the wholesale book in the mortgage loans comprises 3.73% of our consolidated AUM. The projects primarily comprise residential projects in Mumbai MMR, Delhi NCR, Bengaluru and Pune region.

Failure to recover the expected value of collateral could expose the Issuer to losses and, in turn, result in a material adverse effect on our business, results of operations, cash flows and financial condition. Following the introduction of the SARFAESI Act, we are allowed to enforce on secured property after 60 (sixty) days' notice to a borrower, whose loan has been classified as non-performing. Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that we will be able to realize the full value of our collateral, due to, among other things, delays on our part in taking action to enforce the property, delays in bankruptcy foreclosure proceedings, stock market downturns, defects in the perfection of collateral and fraudulent transfers by borrowers.

Further, among the various regulatory developments that have impacted the real estate sector recently, we believe that the implementation of the Real Estate Regulation and Development Act, 2016 ("**RERA Act**") is expected to have the biggest impact over the long term. After notification of certain provisions of the RERA Act with effect from May 2016, the remaining provisions of the RERA Act became effective from May 2017 onwards. Subsequent to this, the obligations of real estate project developers under the provisions of the RERA Act including mandatory project registration, enhanced disclosure norms and penal provisions for violation of rules have become effective across India. While most of the state governments have notified rules in relation to the RERA Act, other states are in the process of doing so.

To ensure compliance with the requirements of the RERA Act, companies in the real estate sector may need to allocate additional resources, which may increase compliance and they may face regulatory actions or be required to undertake remedial steps, which may have an adverse effect the business, operations and financial condition of various companies in the sector leading to less than anticipated growth in the housing sector, resulting in adverse effect on our business.

24. ***Majority of the gold loans we offered were due within one year of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income.***

Majority of the gold loans we offered were due within one year of disbursement. The relatively short-term nature of our loans means that our long-term interest income stream is less certain. In addition, our existing customers will not be able to avail new loans from us upon maturity of their existing loans due to the RBI order against us from sanctioning or disbursing gold loans until such period the supervisory restrictions are in place. For further details, please see "*Risk Factors- We cannot sanction or disburse gold loans or assign/ securitise/ sell any of our existing gold loans pursuant to recent RBI order dated March 4, 2024, till conclusion of a special RBI audit*" on page 17.

25. ***Microfinance loans offered by our subsidiary, IIFL Samasta Finance Limited ("Samasta") are unsecured and are susceptible to various operational, credit and political risks which may result in increased levels of NPAs, thereby adversely affecting our business, results of operation and financial condition.***

The focus client segment for our micro-loans is women in rural areas. The clients of Samasta typically have limited sources of income, savings and credit histories and as a result, are usually adversely affected by declining economic conditions. Further, for most of the loans provided by Samasta, clients do not provide any collateral or security for their borrowings as the RBI has mandated that loans given by NBFC-MFIs should be collateral free and should have annual household income up to ₹3,00,000 (RBI vide circular DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022) for the purpose of "*consideration as microfinance loans"*. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. Furthermore, although Samasta uses credit bureau reports to check certain background information such as the total indebtedness of each potential client and their existing repayment/ default history, the information in such reports may be incomplete or unreliable and accordingly the credit risk analysis we carry out on potential clients may be limited. Further, Samasta relies primarily on non-traditional guaranteed mechanisms rather than any tangible assets such as collateral. Most of its loans involve a joint liability mechanism whereby borrowers form an informal joint liability group and provide joint and several guarantees for loans obtained by each member of the group. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if there is irregular participation in group meetings, if inadequate risk management procedures have been employed, or as a result of adverse external factors such as natural calamities. As a result, its clients potentially present a higher risk of loss in case of a credit default compared to that of borrowers in other asset-backed financing products. In addition, the microfinance business is susceptible to various political and social risks, including political interference in the working of

MFIs at the district, state or national level; adverse publicity or litigation relating to the microfinance sector; public criticism of the microfinance sector; introduction of a stringent regulatory regime; or religious beliefs relating to loans and interest payments, which adversely affect repayment by its clients and may have an adverse effect on our business prospects and future financial performance.

Due to the underlying profile of the clients of Samasta, we may, in the future, experience increased levels of non-performing assets and related provisions and write-offs, which would materially and adversely impact our business and results of operations.

26. A rise in the general income level of our customers may adversely affect the demand for our loans.

The size of our loans portfolios (other than housing loans) is dependent upon the demand for loans in India, which is inversely related to the general income level of our customers. A rise in the general income level in India could make our loans unattractive to some customers due to their having increased disposable income, making them less reliant on loans. Such a shift in income levels could lower our interest income, which could in turn adversely affect our business, financial condition, cash flows and results of operations.

27. We may not be able to appropriately assess the credit worthiness of our customers before extending credit facilities to them. Unavailability of adequate information or inaccurate and/or incomplete information provided by our customers may adversely affect our operations and profitability.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading. In addition, we may not be able to place a reliance on credit bureaus to assess credit worthiness of all our borrowers segment. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a result, our ability to effectively manage our credit risk may be adversely affected.

Moreover, we have implemented KYC norms and other measures, to prevent money laundering. In the event of ineffectiveness of these norms and systems, our reputation, business and results of operations may be adversely affected.

28. The new Bankruptcy Code in India may affect our rights to recover loans from borrowers.

The Insolvency and Bankruptcy Code, 2016, as amended from time to time ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 66% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

Further, the GOI vide notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Bankruptcy Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, GoI has increased the minimum amount of default under the insolvency matters from ₹ 100,000 to ₹ 10,000,000. Therefore, the ability of our Company to initiate insolvency proceedings against the defaulters where the amount of default in an insolvency matter is less than ₹ 10,000,000 may impact the recovery of outstanding loans and profitability of our Company.

29. We may face tax related assessments or regulatory actions.

The laws and regulations governing the tax liability of our Company could change in the future and any such changes could adversely affect its business and future financial performance by requiring a restructuring of its activities, which may impact its results of operations. Further, the tax department may impose additional tax liability on our Company upon completion of their assessments of our past tax returns. Our Company cannot assure you that the tax department will not initiate scrutiny, investigation or regulatory action or reopen assessments for previous years. Any adverse finding by the tax department may have a material adverse effect on our Company's reputation, business, operations and financial conditions. For further details, see "*Outstanding Litigations and Default- Tax Proceedings involving our Company*" on page 225.

30. The financing industry is becoming increasingly competitive and our growth will depend on our ability to compete effectively.

The sector in which we operate is highly competitive and we face significant competition from banks and other NBFCs. Many of our competitors are larger institutions, which may have much larger customer and funding sources, larger branch networks and more capital than we do. Some of our competitors may be more flexible and better-positioned to take advantage of market opportunities. In particular, private banks in India and many of our competitors outside of India may have operational advantages in implementing new technologies and rationalising branches. These competitive pressures affect the industry in which we operate as a whole, and our future success will depend in large part on our ability to respond in an effective and timely manner to these competitive pressures.

In our housing finance and gold loan business, we face increasing competition from commercial banks and other players in the unorganized sector. Interest rate deregulation and other liberalization measures affecting the housing finance industry, together with increased demand for home finance, have also increased our exposure to competition. The demand for housing loans has also increased due to the increase in demand of real estate, stable property prices, higher disposable incomes and increased fiscal incentives for borrowers. The demand for gold loans has also increased due to urgent borrowing or bridge financing requirements and the need for liquidity for assets held in gold and also due to increased awareness among customers of gold loans as a source of quick access to funds. All of these factors have resulted in the housing finance and gold loan industry, including our Company, facing increased competition from other lenders to the retail housing market, including commercial banks. Unlike commercial banks, we do not have access to funding from savings and current deposits of customers. Instead, we are reliant on higher cost loans and debentures for our funding requirements, which may reduce our margins compared to competitors. Our ability to compete effectively with commercial banks will depend, to some extent, on our ability to raise low-cost sources of funding in the future. If we are unable to compete effectively with other participants in the housing finance and gold loan industry, our business, future financial performance and the trading price of the Equity Shares may be adversely affected.

Furthermore, as a result of increased competition in the housing finance and gold loan industry, home loans and gold loans are becoming increasingly standardized and terms such as floating rate interest options for housing loans, lower processing fees, monthly rest periods and no prepayment penalties are becoming increasingly common in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. Increasing competition may have an adverse effect on our net interest margin and other income, and if we are unable to compete successfully, the origination of new loans will decline and we may not be able to achieve our growth objectives.

31. Our Company has entered into number of related party transactions and may continue to enter into related party transactions, which may involve conflict of interest.

Our Company enters into transactions with the related parties in the ordinary course of business pursuant to the applicable provisions of the Companies Act, 2013. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. While our Company believes that all related party transactions entered into are conducted on an arms' length basis and in the ordinary course of business, there can be no assurance that it could not have achieved more favourable terms if such transactions had not been entered into with related parties. For further details, please see "*Financial Information*" on page 79. Additionally, there can be no assurance that any dispute that may arise between our Company and related parties will be resolved in our Company's favour.

32. We are permitted to use the IIFL trademark IIFL FINANCE, by IIFL Securities Limited pursuant to the trademark license agreement between our Company and IIFL Securities Limited. Such right to use the IIFL trademark is subject to the termination based on the terms and conditions of the trademark license agreement and any such termination may result in us being unable to use the IIFL trademark, which could have a material adverse effect on our reputation and business.

We have been given the right to use the IIFL trademark, owned by IIFL Securities Limited pursuant to the trademark license agreement entered into between our Company and IIFL Securities Limited. We have been provided a non-exclusive, non-transferable for a onetime fee payable to the Licensor, as set out therein, to use the trademark. Any termination of the agreement by IIFL Securities Limited may result in us being unable to use this trademark which could have a material adverse effect on our reputation and business.

33. We may not be able to adequately protect our intellectual property rights.

Our ability to compete effectively depends in part upon protection of our intellectual property rights. On January 12, 2024, we made an application for registration of our logo “ ” and trademark “My Money”, respectively, with the Registrar of Trade Marks, Mumbai under class 36 of the Trade Marks Act. The Trade Marks Registry has examined the captioned trade mark application and has raised objections inter alia under the provisions of Sections 9 and 11 of the Trade Marks Act, 1999. While our Company will file a response against the objections raised once the examination report is served upon us, there can be no assurance that our trademark application will be accepted. Further, there are no assurances that we will be able to register this mark. In the event we are not able to obtain registrations due to any injunctive or other adverse order issued against us by the appellate authorities in respect of the registration of our logo or slogan, we may not be able to avail legal protections under the trade mark or prevent unauthorised use of such trademarks by third parties, and in case the logo or slogan is used or claimed by a third party, our ability to use such logo or slogan may be restricted or lost, which may adversely affect our goodwill or business. For further details, please see “*Our Business*” on page 60

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

Our Company’s funding requirements is met through long-term and medium-term funding sources such as bank loans and non-convertible debentures and our short-term funding requirements are met through working capital demand loans, cash credit, commercial paper and other short term loans. Our Company may face potential liquidity risks due to varying periods over which our Company’s assets and liabilities mature. Our Company’s inability to obtain additional credit facilities or renew its existing credit facilities in a timely and cost-effective manner, may lead to gaps and mismatches between its assets and liabilities, which in turn may adversely affect our Company’s liquidity position, and in turn, its operations and financial performance. Our liquidity position may be adversely affected and we may be required to pay higher interest rates in order to meet our liquidity requirements in the future, which could have a material adverse effect on our business and financial results.

The following table describes the standalone ALM of our Company as on December 31, 2023:

(in ₹ crore)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Loans & Advances*	2,132.07	3,346.67	1,677.10	2,532.08	2,794.45	4,167.67	383.02	0.25	**17,033.30**
Other Advances	99.26	106.94	140.02	23.04	753.43	-	-	-	**1,122.70**
Investments	13.20	-	-	-	-	921.73	-	2,886.30	**3,821.23**
Borrowings (Includes foreign currency borrowings)	177.97	407.64	766.89	1,582.00	3,219.72	7,357.37	3,168.32	1,419.82	**18,099.72**
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

** Net of ECL Provision of* ₹ 572.20 *crore*

35. We extend margin funding loans, or loans against shares, to our clients, and any default by a client coupled with a downturn in the stock markets could result in substantial losses for us.

We extend, margin funding loans or loans against shares which are secured by liquid, marketable securities at an appropriate or predetermined margin levels. In the event of a volatile stock market or adverse movements in stock prices, the collateral which secures the loans may decrease significantly in value, which might result in losses which our Company may be unable to support. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. Although we use a technology-based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include limits on the amount of margin, the quality of collateral provided by the client and pre-determined margin call thresholds, no assurance can be given that if the financial markets witnessed a significant single-day or general downturn, our financial condition and results of operations would not be adversely affected.

36. The MSMEs to which our Company provides loans may not perform as expected and our Company may not be able to control the non-performance of such businesses.

Our Company provides loans to select growing MSMEs which obtain loans against their assets and profits made by them. Our Company does not manage, operate or control such businesses or entities. Further, our Company has no control over those businesses' functions or operations. As a result, such businesses may make business, financial or management decisions which our Company does not agree or the majority shareholders or the management of such companies may make business, financial or management decisions that may be adverse to, or otherwise act in a manner that does not serve, our Company's best interests. The repayment of the loans extended to such businesses will depend to a significant extent on the specific management team of the relevant borrower entity. The actions taken by the management of our Company's customers may lead to significant losses and affect their ability to repay our Company's loans. Consequently, this may adversely affect our Company's financial performance.

37. ***We do not own the premises where our branch offices are located and in the event our rights over the properties is not renewed or is revoked or is renewed on terms less favourable to us, our business activities may be disrupted.***

At present we do not own the premises of any of our branch offices. All such non-owned properties are leased or licensed to us. If the owners of these properties do not renew the agreements under which we occupy the premises or only agree to renew such agreements on terms and conditions that are unacceptable to us, or if the owners of such premises withdraw their consent to our occupancy, our operations may suffer a disruption. We may be unable to locate suitable alternate facilities on favorable terms, or at all, and this may have a material adverse effect on our business, results of operations and financial condition.

38. ***We are required to comply with the requirements of certain labour laws which may impose additional costs on us.***

Our employees are required to be registered under the provisions of certain labour laws such as the Employees' State Insurance Act, 1948, the Payment of Gratuity Act, 1972, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. We are also required to maintain certain records under the provisions of these laws, which add to our costs. If we are subject to penalties under these labour laws or if we do not obtain the requisite approvals, our business, financial condition, cash flows and results of operations may be adversely affected.

39. ***Our results of operations could be adversely affected by any disputes with employees.***

As of December 31, 2023, our Company and our Subsidiaries have a combined workforce of 39,267 employees. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

40. ***We require several licenses and approvals for our business and in the event we are unable to procure or renew them in time or at all, our business may be adversely affected.***

Our Company requires several licenses, approvals and registration in order to undertake its business activities. These registrations include registrations with the RBI as a NBFC-ML. We are also required to maintain licenses under various state Shops and Establishment Acts for some of our offices and branches. Failure by us to comply with the terms and conditions to which such permits or approvals are subject, and/or to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

41. ***Our branches are vulnerable to various operational risks, including theft, fraud, burglary and embezzlement by our employees and customers due to high volume of cash and gold jewellery handled by us.***

Our business involves carrying out cash and gold jewellery transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary and misappropriation or unauthorised transactions by our employees. Storage of cash and pledged gold jewellery as part of our business entails the risk of theft and resulting loss to our reputation and business. The short tenure of the loans advanced by us and our practice of processing loan repayments within short timelines require us to store pledged gold on our premises at all points in time. With regard to all burglaries, we may not be able to recover the entire amount of the loss suffered and may receive only a partial payment of the insurance claim. While we are insured against the risk of burglary arising from our business, such insurance may not be sufficient to fully cover the losses we suffer. Additionally, our cash in transit policies do not cover theft where an employee is involved, unless such involvement is identified within 48 hours of such thefts. Further, the actual recovery of the insured amount from the insurer requires the undertaking of certain procedures, and any delay in recovery could adversely affect our reputation and results of operation.

Pursuant to the same, while we have strengthened our security policies and procedures, we cannot guarantee that theft will not be committed in the future, which could adversely affect our reputation, business and results of operations. Further, we are exposed to the risk of fraud and other misconduct by employees and customers. While we carefully recruit all of our employees and screen all our employees who are responsible for disbursement of gold loans and custody of gold, there have in the past been acts of fraud with respect to gold loans and cash related misappropriation committed by our employees.

42. ***Our Company has entered into securitisation/assignment agreements to sell certain loans from our outstanding loan portfolio. Our business, financial condition and results of operations could be adversely affected due to some of the***

restrictions imposed under such agreements or downgrade in the ratings of our securitized debt or if such assignment of loan is held to be unenforceable or due to any change in the regulatory requirements.

As part of our means of raising and/or managing our funds, we assign or securitise the receivables from our loan portfolio to banks and other institutions. Such assignment or securitization transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. As of December 31, 2023 outstanding book value of securitised assets of ₹ 191.14 crore and assignment of ₹ 8,807.27 crore on a standalone basis. Our Company has sold and assigned a group of similar loans from our outstanding loan portfolio to Banks/financial institutions in return for an upfront fixed consideration. As of December 31, 2023, our outstanding portfolio of securitised loans on a standalone basis, constituted 0.61% of standalone AUM. Under such agreements, we have provided credit enhancement through fixed deposits with banks to the purchaser for an amount equal to a percentage of the value of the loans being assigned as per the rating agency to enhance the rating of the pool. If there is any short fall in the scheduled cash flow promised to the investor then credit enhancement will be utilized to that extent.

Further, any change in statutory and/regulatory requirements such as securitisation guidelines issued by RBI in June 2018 in relation to assignments or securitizations by financial institutions, including the requirements prescribed by RBI and the Government of India, could have an adverse impact on our assignment or securitization transactions. Any adverse changes in the policy and/or regulations in connection with securitization of assets by NBFCs and/or new circulars and/or directions issued by the RBI in this regard, affecting NBFCs or the purchasers of assets, would affect the securitization market in general and our ability to securitize and/or assign our assets.

43. Our loan portfolio may no longer continue to be classified as priority sector advances by the RBI.

The RBI currently mandates domestic commercial banks operating in India to maintain an aggregate 40% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as "priority sector advances". These include advances to agriculture, micro and small enterprises, micro enterprises within the micro and small enterprises sector, export credit and advances to weaker sections where the government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialised institutions like us that are better positioned to or exclusively focus on originating such assets through on-lending or purchase of assets or securitised and assigned pools to comply with these targets.

In the event that any part of our loan portfolio is no longer classified as a priority sector advance by the RBI, or if the laws relating to priority sector lending as applicable to the banks undergo a change, our ability to securitise/assign our asset pool will be hampered, which may adversely affect our financial condition, results of operations and/or cash flows.

44. A decline in our capital adequacy ratio could restrict our future business growth.

Pursuant to the Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide the circular dated DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (Updated as on March 21, 2024) all NBFC-ML have to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items and Tier I capital of 10%. On a standalone basis, our capital adequacy ratio computed on the basis of applicable RBI requirements was 19.63% as of December 31, 2023, with Tier I capital comprising 12.54% , respectively. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us or at all, and this may adversely affect the growth of our business.

45. Our Company may have to comply with stricter regulations and guidelines issued by regulatory authorities in India.

Our Company is regulated principally by and have reporting obligations to the RBI and our subsidiary is regulated by and have reporting obligations to NHB. Our Company is also subject to the corporate, taxation and other laws in effect in India. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency. Moreover, new regulations may be passed that restrict our ability to do business.

Our Company cannot assure you that we will not be subject to any adverse regulatory action in the future. Further, these regulations are subject to frequent amendments and depend upon government policy. The costs of compliance may be high, which may affect our profitability. If we are unable to comply with any such regulatory requirements, our business and results of operations may be materially and adversely affected.

46. Our contingent liabilities could adversely affect our financial condition.

As per the consolidated financial statements of our Company for the Fiscal 2023, we had certain contingent liabilities not provided for, amounting to ₹ 851.57 crore as of March 31, 2023. The contingent liability amounts disclosed in our Financial Statements represent estimates and assumptions of our management based on advice received. If, for any reason, these contingent liabilities materialize, it may adversely affect our financial condition. For more details regarding the contingent liabilities please see the "*Financial Information*" on page 79.

47. Our Company is subject to certain restrictive covenants in our loan documents, which may restrict our operations and ability to grow and may adversely affect our business. Any default in compliance with the material covenants could adversely affect our financial condition, and/or our ability to obtain financing in the future.

There are restrictive covenants in the agreements we have entered into with our lenders. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities, including, amongst others, selling, leasing, transferring or otherwise disposing of any part of our business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion, taking up an allied line of business or making any amendments to Memorandum and Articles of Association etc. Such restrictive covenants in our loan documents may restrict our operations or ability to expand and may adversely affect our business.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition, cash flows and results of operations.

48. We may experience difficulties in expanding our business into new regions and markets in India.

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets, and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete not only with other banks and financial institutions but also the local unorganised or semi-organised private financiers, who are more familiar with local regulations, business practices and customs, and have stronger relationships with customers.

If we plan to expand our geographical footprint, our business may be exposed to various additional challenges, including: obtaining necessary governmental approvals; identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India; and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions, results of operations and/or cash flows.

49. We face difficulties and incur additional expenses in operating from rural and semi urban areas, where infrastructural facilities are limited.

A portion of our operations are conducted in rural and semi urban areas. We face certain difficulties in conducting such operations, such as accessing power facilities, transporting people and goods and maintaining profitability at branches in remote areas. We may also face increased costs in implementing security measures and expanding our advertising presence. We cannot assure that such costs will not increase in the future as we expand our network in rural and semi urban areas.

50. Our success largely depends on our management team and key personnel and our ability to attract, train and retain such persons. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees can be intense. While we have an incentive structure and an ESOP designed to encourage employee retention, our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

51. If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our Company has devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. Please see "*Our Business*" on page 60. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

If we fail to effectively implement our risk management policies, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

52. Certain non-GAAP measures and other statistical information relating to our operations and financial performance have been included in this Letter of Offer. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable with those presented by other companies.

Certain non-GAAP measures and other statistical information relating to our operations and financial performance such as net worth, return on net worth and Net Asset Value per Equity Share have been included in this Letter of Offer. Such non-GAAP measures are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS. Further, these non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. We compute and disclose such non-GAAP measures and other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. However, such information may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS.

53. Our Company is exposed to many operational risks which could materially impact our business and results of operations.

Our Company is exposed to many types of operational risks. Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. Any failure to mitigate such risks could adversely affect our business and results of operations.

54. Significant fraud, system failure or calamities could adversely impact our business.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as fraud and system failures. Computer break-ins and power and communication disruptions could affect the security of information stored in and transmitted through our computer systems and network infrastructure. We employ security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. A significant failure of security measures or operational procedures could have a material adverse effect on our business and our future financial performance. Although we take adequate measures to safeguard against system-related and other frauds, there can be no assurance that it would be able to prevent frauds.

We are exposed to many types of operational risks, including the risk of fraud or other misconduct by employees and unauthorized transactions by employees. Although we have been careful in recruiting all our employees, we have in the past been held liable for the fraudulent acts committed by our employees adversely impacting our business. Our reputation could be adversely affected by significant frauds committed by employees, customers or outsiders.

55. Inaccurate appraisal of credit may adversely impact our business

We may be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Inaccurate appraisal of credit may allow a loan sanction which may eventually result in a bad debt on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

56. Our Company has entered into number of related party transactions and may continue to enter into related party transactions, which may involve conflict of interest.

Our Company enters into transactions with the related parties in the ordinary course of business pursuant to the applicable provisions of the Companies Act, 2013. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. While our Company believes that all related party transactions entered into are conducted on an arms' length basis and in the ordinary course of business, there can be no assurance that it could not have achieved more favourable terms if such transactions had not been entered into with related parties. For further details of our related party transactions, please see "*Financial Information-Related Party Transactions*" beginning on page 79. Additionally, there can be no assurance that any dispute that may arise between our Company and related parties will be resolved in our Company's favour.

57. Some of our Directors may have interests in entities, which are in businesses similar to ours and this may result in conflicts of interest with us.

Some of our Directors are also directors on the board of our related parties. Commercial transactions in the future between us and related parties may result in conflicting interests which could have an adverse effect on our operations. Such factors may have an adverse effect on the results of our operations and financial condition.

58. We rely on direct selling agents ("DSAs") to sell some of our products across the country. These DSAs may not perform their obligations satisfactorily or in compliance with law or may be part of unlawful/unethical behaviour which may adversely affect the business and reputation of our Company

We enter into direct selling arrangements with DSAs for the purpose of marketing and selling some of our products across India. Although adequate due diligence is conducted before entering into any DSA arrangement with any person, we cannot guarantee that there shall be no disruptions in the provision of their services to our Company or that these DSAs will adhere to their contractual obligations. If there is a disruption in the services of these DSAs, or if the DSAs discontinue their service agreement with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute between our Company and the DSAs, we cannot assure you that the terms of the agreements/arrangements entered into with the DSAs will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with other DSAs, may materially and adversely affect our business, financial condition and results of operations. Further, our DSAs or the personnel they employ may be engaged in unethical or unlawful behaviour or they may misrepresent or mis-sell our products and services. Due to this, we may also suffer from reputational and legal risks and these actions may materially and adversely affect our business, financial condition and results of operations.

59. Our Company and its Subsidiaries have availed or may avail of certain loans that are recallable by lenders, at any time.

Our Company and its subsidiaries have availed or may avail of loans that are repayable on demand at any time by the relevant lenders. Any such unexpected demand for immediate repayment may have a material adverse effect on the business, cash flows and financial condition of the entity against which repayment is sought.

60. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange control laws that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted without onerous conditions, or at all. Limitations on raising foreign debt may have an adverse effect on our business, results of operations and financial condition.

EXTERNAL RISK FACTORS

61. Our results of operations have been, and may continue to be, adversely affected by Indian and international financial market and economic conditions.

Our business is highly dependent on Indian and international markets and economic conditions. Such conditions in India include fluctuations in interest rates; changes in consumer spending; the level of consumer confidence; housing prices; corporate or other scandals that reduce confidence in the financial markets, among others. International markets and economic conditions include the liquidity of global financial markets, the level and volatility of debt and equity prices and interest rates, investor sentiment, inflation, the availability and cost of capital and credit, and the degree to which international economies are expanding or experiencing recessionary pressures. The independent and/or collective fluctuation of these conditions can directly and indirectly affect demand for our lending finance and other financial products or increase the cost to provide such products.

In addition, adverse economic conditions, such as declines in housing values, could lead to an increase in mortgage and other home loan delinquencies and higher write offs, which can adversely affect our earnings.

Global financial markets were and continue to be extremely volatile and were materially and adversely affected by a significant lack of liquidity, decreased confidence in the financial sector, disruptions in the credit markets, reduced business activity, rising unemployment, declining home prices and erosion of consumer confidence. These factors have contributed to and may continue to adversely affect our business, financial condition and results of operations.

62. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks and NBFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the trading price of our Equity Shares.

63. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect our business and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect our business.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the trading price of our Equity Shares.

64. Natural calamities could have a negative impact on the Indian economy, particularly the agriculture sector, and cause our business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. The erratic progress of the monsoon over the course of past few years affected sowing operations for certain crops. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy thereby, adversely affecting our business.

65. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, our ability to raise financing for onward lending and the trading price of our Equity Shares.

66. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.

There is no assurance that the liberalization policies of the Government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the Government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalization. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

67. Financial instability in other countries could disrupt our business.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

In the event that the current difficult conditions in the global credit markets continue or if the recovery is slower than expected or if there any significant financial disruption, this could have an adverse effect on our cost of funding, loan portfolio, business, prospects, results of operations and financial condition.

68. Changing laws, rules and regulations, including taxation laws, may adversely affect our business, results of operations, cash flows and prospects.

Change on the quantum of taxes and duties levied globally, or in the terms of international trade agreements, environmental regulation or other applicable laws may require us to incur additional costs. The Government of India has implemented two major reforms in Indian tax laws, namely the Goods and Services Tax ("**GST**"), and provisions relating to general anti-avoidance rules ("**GAAR**"). The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by GST with effect from July 1, 2017. The GST regime continues to be subject to amendments and its interpretation by the relevant regulatory authorities is constantly evolving. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of any substantial precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("**DDT**"), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, the GoI has amended the Income-tax Act, 1961 ("**IT Act**") to abolish the DDT regime. Accordingly, any dividend distribution by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, the domestic company is required to withhold tax on such dividends distributed at the applicable rate.

However, non-resident shareholders may claim benefit of an applicable tax treaty, subject to satisfaction of certain conditions. We may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of withholding tax pursuant to any corporate action including dividends. Further, the Finance Act, 2023 has introduced various amendments to the IT Act. There is no certainty on the impact that the Finance Act, 2023 may have on our business and operations or on the industry in which we operate. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, the likely nature and impact of the specific terms of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business.

69. Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies including stamp duty imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India (as applicable to us), which includes a surcharge on the tax and a health and education cess on the tax and the surcharge. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

70. Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.

The Audited Consolidated Financial Statements included in this Letter of Offer have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, as per the SEBI ICDR Regulations included in this Letter of Offer, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should be limited accordingly.

71. Investors may not be able to enforce a judgment of a foreign court against us.

We are incorporated under the laws of India and a majority of our Directors and Key Management Personnel reside in India. Majority of our assets, and the assets of certain of our Directors, Key Management Personnel and Senior Management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 ("**CPC**"). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

72. Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.

Indian laws and legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law, including in relation to class actions, may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

RISKS RELATING TO THE ISSUE

73. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form may lapse in case they fail to furnish the details of their demat account to the Registrar and such shareholders holding Equity Shares in physical form will have no voting rights in respect of Rights Equity Shares until they provide details of their demat account and Rights Equity Shares are transferred to such demat account from the demat suspense account thereafter.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form.

Our Company has opened a separate demat suspense escrow account (namely, "LIIPL IIFL RIGHTS 2024 ESCROW DEMAT ACCOUNT") ("**Demat Suspense Account**") and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund ("**IEPF**") authority; or (c) of the Eligible Equity Shareholder whose demat accounts are frozen or where the Equity Shares are lying in the unclaimed suspense account / demat suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date or where Equity Shares have been kept in abeyance or where entitlement certificate has been issued or where instruction has been issued for stopping issue or transfer or where letter of confirmation lying in escrow account; or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason; or I where ownership is currently under dispute, including any court or regulatory proceedings or where legal notices have been issued, if any.

Our Company shall credit the Rights Entitlements to the Demat Suspense Account on the basis of information available with our Company and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Company does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.

With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are required to provide relevant details (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., by May 9, 2024 to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Company or the Registrar by the end of two clear Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Company and our Company shall not be liable to any such Eligible Equity Shareholder in any form or manner and such lapsing of Rights Entitlement may dilute and adverse impact the interest of certain Eligible Equity Shareholders. For details, please see "*Terms of the Issue*" on page 249.

74. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.

Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control. Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, see "*Objects of the Issue*" on page 51.

75. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Rights Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of our Equity Shares will not decline below the Issue Price. To the extent the market price for our Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

76. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure of completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the DEMAT account of the Renouncees prior to the Issue Closing Date. Further in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see "*Terms of the Issue*" on page 249.

77. Our Company will not distribute this Letter of Offer and other Issue related materials to overseas shareholders who have not provided an address in India for service of documents.

We will not distribute the Issue Material to the shareholders who have not provided an address in India for service of documents. The Issue Material will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. In the case that Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in the case that such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Company will request its shareholders to provide an address in India for the purposes of distribution of Issue Material, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject our Company to fines or penalties.

78. Overseas shareholders may not be able to participate in our Company's future rights offerings or certain other equity issues.

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to overseas holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for our Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

79. Investors will be subject to market risks until our Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Rights Equity Shares Allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Rights Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Rights Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in such Equity Shares will commence in a timely manner.

80. Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.

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

81. The Rights Equity Shares may experience price and volume fluctuations.

The market price of the Rights Equity Shares can be volatile as a result of several factors beyond our control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors, developments in the Indian finance and lending sector, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. In addition, the stock exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Rights Equity Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also affect the price of the Rights Equity Shares. In particular, the stock market as a whole recently experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to the companies' operating performances. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

82. No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares.

83. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a bona fide interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

84. Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of our Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. In accordance with the provisions of the Companies Act the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company. Further, Section 106(1) of the Companies Act read with the Articles of Association specifically provides that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid.

85. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Rights Equity Shares.

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Additionally, a securities transaction tax ("STT") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any gains realized on the sale of equity shares held for more than 12 months are subject to long term capital gains tax in India. Such long-term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). This beneficial provision is, inter alia, subject to payment of STT. Further, any capital gains realised on the sale of listed equity shares of an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess), without indexation benefits.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India at the rate of 15% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

Capital gains arising from the sale of the Rights Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Rights Equity Shares. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Rights Equity Shares.

86. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of resolution passed by our Board on March 13, 2024, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms and conditions of the Issue including the Record Date, Rights Entitlement, Issue Price, timing of the Issue and other related matters have been approved by a resolution passed by the Board of Directors of our Company at its meeting held on April 17, 2024.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "*Terms of the Issue*" beginning on page 249.

Rights Equity Shares being offered by our Company	Up to 4,23,94,270 Equity Shares
Rights Entitlement for the Rights Equity Shares	1 Rights Equity Share for every 9 Equity Shares held on the Record Date
Record Date	April 23, 2024
Face Value per Equity Share	₹2 each
Issue Price	₹ 300 per Rights Equity Share (including a premium of ₹ 298 per Rights Equity Share)
Issue Size	Up to ₹1,271.83 crores
Equity Shares issued, subscribed, paid-up and outstanding prior to the Issue	38,15,48,435 Equity Shares. For details, see "*Capital Structure*" beginning on page 49
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	42,39,42,705 Equity Shares
ISIN / Security Codes for the Equity Shares	ISIN: INE530B01024 BSE: 532636 NSE: IIFL
ISIN for Rights Entitlements	INE530B20016
Terms of the Issue	For further information, see "*Terms of the Issue*" beginning on page 249
Use of Issue Proceeds	For further information, see "*Objects of the Issue*" beginning on page 51
Terms of payment	The full amount of the Issue Price being ₹ 300 will be payable on application.

For details in relation fractional entitlements, see "*Terms of the Issue – Basis for the Issue and Terms of the Issue – Fractional Entitlements*" on page 267.

GENERAL INFORMATION

IIFL Finance Limited (the "**Company**" or "**Issuer**") was incorporated at Mumbai on October 18, 1995 as a private limited company with the name Probity Research & Services Private Limited under the provisions of the Companies Act, 1956. The status of our Company was changed to a public limited company and our name was changed to Probity Research & Services Limited pursuant to a fresh certificate of incorporation dated on April 28, 2000 issued by the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was subsequently changed to India Infoline.Com Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on May 23, 2000. The name of our Company was further changed to India Infoline Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on March 23, 2001. Thereafter, the name of our Company was changed to IIFL Holdings Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on February 18, 2014. Thereafter, the name of our Company was changed to IIFL Finance Limited and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on May 24, 2019. Also, our Company has obtained a Certificate of Registration dated March 06, 2020 bearing Registration No. N-13.02386 issued by the Reserve Bank of India ("**RBI**") to commence the business of a non-banking financial institution without accepting public deposits under Section 45 IA of the RBI Act, 1934. Our Company is a Non-Banking Finance Company-Middle Layer ("**NBFC-ML**").

NBFC Registration

Our Company holds a certificate of registration dated March 06, 2020 bearing registration no. N-13.02386 issued by the RBI to carry on the activities of a NBFC under Section 45 IA of the RBI Act.

Registered Office

IIFL House, Sun Infotech Park
Road No. 16V, Plot No. B-23
Thane Industrial Area,
Wagle Estate, Thane – 400604
Maharashtra, India
Tel.: +91 22 4103 5000
Fax: +91 22 2580 6654
Website: www.iifl.com
Email: csteam@iifl.com

Corporate Office

802, 8th Floor
Hubtown Solaris
N.S. Phadke Marg
Vijay Nagar, Andheri East
Mumbai 400069,
Maharashtra, India.
Tel.: +91 22 6788 1000
Fax: +91 22 6788 1010
Website: www.iifl.com
Email: csteam@iifl.com

Corporate Identity Number: L67100MH1995PLC093797

Registration Number: 093797

Address of the RoC
Our Company is registered with the RoC, which is situated at the following address:
Registrar of Companies
Everest, 5th Floor
100, Marine Drive
Mumbai 400 002
Maharashtra, India

Company Secretary and Compliance Officer

Mauli Agarwal, Company Secretary and Compliance Officer of our Company. Her details are as follows:

Mauli Agarwal
Company Secretary and Compliance Officer
IIFL Finance Limited
802, 8th Floor
Hubtown Solaris
N.S. Phadke Marg
Vijay Nagar, Andheri East
Mumbai 400069,
Maharashtra, India.
Tel.: +91 22 6788 1000
Fax: +91 22 6788 1010
Email: csteam@iifl.com

Lead Managers to the Issue

Ambit Private Limited
Ambit House, 449,
Senapati Bapat Marg, Lower Parel,
Mumbai 400013,
Maharashtra, India
Tel: +91 22 6623 3030
Email: iiflfinance.rights@ambit.co
Website: www.ambit.co
Investor Grievance E-mail: customerservicemb@ambit.co
Contact person: Nikhil Bhiwapurkar/Devanshi Shah
SEBI Registration No: INM000010585

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower, Rahimtullah Sayani Road,
Opposite Parel ST Depot,
Prabhadevi, Mumbai 400 025,
Maharashtra, India
Tel: +91 22 7193 4380
E-mail: iiflfinance.rights@motilaloswal.com
Website: www.motilaloswalgroup.com
Investor grievance e-mail:
moiaplredressal@motilaloswal.com
Contact person: Subodh Mallya/ Sankita Ajinkya
SEBI registration no.: INM000011005

Legal Counsel to the Issue

J. Sagar and Associates
One Lodha Place,
27th Floor, Senapati Bapat Marg,
Lower Parel, Mumbai – 400013,
Maharashtra, India
Tel: +91 22 4341 8900

Joint Statutory Auditors of our Company

Sharp & Tannan Associates, Chartered Accountants
87, Nariman Bhavan,
227 Nariman Point,
Mumbai-400021
Tel.: +91 22 6153 7500, 2202 2224/8857
Email: mumbai.office@sharpandtannan.com

Chhajed & Doshi, Chartered Accountants
101, Hubtown Solaris,
N S Phadke Marg, Near east west flyover,
Opp Telly Gali Junction,
Andheri (East)
Mumbai – 400 069.
Tel.: +91 22 6103 7800
Email: info@cndindia.com

Registrar to the Issue

Link Intime India Private Limited

C 101, 1st Floor, 247 Park
L.B.S Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
E-mail: iifl.rights2024@linkintime.co.in
Investor Grievance ID: iifl.rights2024@linkintime.co.in

Website: www.linkintime.co.in
Contact Person: Ms. Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "*Terms of the Issue*" beginning on page 249.

Experts

Our Company has received consents from its Joint Statutory Auditors, Sharp & Tannan, Chartered Accountants and Chhajed & Doshi, Chartered Accountants through their letter dated April 17, 2024 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the Unaudited Consolidated Financial Results for the nine months period ended December 31, 2023, and the statement of special tax benefits dated April 17, 2024, and such consents have not been withdrawn as of the date of this Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S. Securities Act.

Banker to the Issue

HDFC Bank Limited
FIG-OPS Department Lodha,
I Think Techno Campus O-3 Level,
Next to Kanjurmarg, Railway Station,
Kanjurmarg (East)
Mumbai-400042
Telephone: +91 22 30752929/28/14
Contact Person: Eric Bacha, Siddharth Jadhav, Sachin Gawade, Pravin Teli, and Tushar Gavankar
Email: siddharth.jadhav@hdfcbank.com, sachin.gawade@hdfcbank.com, eric.bacha@hdfcbank.com, tushar.gavankar@hdfcbank.com, pravin.teli2@hdfcbank.com
Website: www.hdfcbank.com

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

Last Date for credit of Rights Entitlements	Monday, April 29, 2024
Issue Opening Date	Tuesday, April 30, 2024
Last date for On Market Renunciation of Rights Entitlements #	Wednesday, May 08, 2024
Issue Closing Date*	Tuesday, May 14, 2024
Finalization of Basis of Allotment (on or about)	Thursday, May 23, 2024
Date of Allotment (on or about)	Friday, May 24, 2024
Date of credit (on or about)	Monday, May 27, 2024
Date of listing (on or about)	Tuesday, May 28, 2024

Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

* *Our Board or the Securities Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Managers.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, May 9, 2024 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, May 13, 2024.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Managers or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see "*Terms of the Issue – Process of making an Application in the Issue*" beginning on page 251.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.linkintime.co.in after keying in their respective details along with other security control measures implemented thereat. For further details, see "*Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" beginning on page 263.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before the Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from the market and the purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

Inter se allocation of responsibilities

The following table sets forth the responsibilities of the Lead Managers for various activities in relation to the Issue:

Serial No.	Activity	Responsibility	Coordination
1	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.	Lead Managers	Ambit
2	Coordination for drafting and design of the Letter of Offer, Abridged Letter of Offer and Application Form as per the SEBI ICDR Regulations, SEBI LODR Regulations and other stipulated requirements and completion of filings with the Stock Exchanges and SEBI.	Lead Managers	Ambit
3	Drafting, design and distribution of the Rights Entitlement Intimation	Lead Managers	Ambit
4	Selection of various agencies connected with the Issue, namely Registrar to the Issue, Escrow Bank/ Banker(s) to the Issue, Advertising Agency, Monitoring Agency and coordination of execution of related agreements.	Lead Managers	Ambit
5	Drafting and approval of all statutory advertisement.	Lead Managers	Ambit
6	Drafting and approval of all publicity material including corporate advertisement, brochure, corporate films, etc. and coordination for filing of media compliance report, if any,	Lead Managers	Motilal Oswal
7	Formulating and Coordination of International and Domestic Institutional marketing strategy	Lead Managers	Motilal Oswal
8	Formulating retail strategy which will cover, inter alia, distribution of publicity and Issue materials including application form, brochure and Letter of Offer and coordination for queries related to retail investors.	Lead Managers	Motilal Oswal
9	Submission of 1% security deposit	Lead Managers	Ambit
10	Co-ordination with stock exchanges and formalities for use of online software, bidding terminal, mock trading, trading of Rights Entitlement etc.	Lead Managers	Motilal Oswal
11	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Escrow Bank/ Bankers to the Issue and the SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, finalization of the Basis of Allotment, technical rejections or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post issue activity such as Registrar to the Issue, Escrow Bank/ Bankers to the Issue, SCSBs, etc. and release of 1% security deposit	Lead Managers	Ambit

Credit Rating

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company has appointed CRISIL Ratings Limited as the monitoring agency to monitor the utilisation of the Net Proceeds, in accordance with Regulation 82 of the SEBI ICDR Regulations.

CRISIL Ratings Limited
CRISIL House, Central Avenue,
Hiranandani Business Park, Powai, Mumbai 400 076,
Maharashtra, India
Telephone No.: +91 22 3342 3000(B)
Contact Person: Sushant Sarode
E-mail: crisilratingdesk@crisil.com
Website: www. crisilratings.com

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Book Building Process

Being a rights issue, the Issue shall not be made through the book building process.

Minimum Subscription

The object of the Issue is augmenting the capital base of our Company.

Pursuant to letter dated April 17, 2024, our Promoters and Promoter Group have confirmed that they (i) will subscribe to the full extent of their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our Promoters or other member(s) of our Promoter Group); (ii) will subscribe to additional Rights Entitlements over and above their Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of our Promoter Group; and (iii) may subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue, each as may be applicable, subject to the subscription to additional Rights Equity Shares under (ii) and (iii) above, shall be made to the extent that: (a) it does not result in any obligation on our Promoters and other members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations; and (b) the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations.

Accordingly, in terms of the proviso to Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Underwriting

This Issue is not underwritten

Filing

This Letter of Offer is being filed with the Stock Exchanges and SEBI as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at www.siportal.sebi.gov.in, in terms of the SEBI ICDR Master Circular.

CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Letter of Offer, and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid up share capital after the Issue, are set forth below:

(in ₹, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A	**AUTHORISED SHARE CAPITAL**		
	2,35,52,50,000 Equity Shares of ₹ 2 each	4,71,05,00,000	-
	50,00,00,000 Preference Shares of ₹10 each	5,00,00,00,000	-
	Total	9,71,05,00,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**		
	38,15,48,435 Equity Shares	76,30,96,870	-
C	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**		
	Up to 4,23,94,270 Rights Equity Shares of ₹ 2 each(1)	8,47,88,540	12,71,82,81,000
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**		
	42,39,42,705 Equity Shares(2)	84,78,85,410	-
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue		18,85,65,04,578
	After the Issue(3)		31,48,99,97,038

(1) *The Issue has been authorised by the Board pursuant to a resolution dated March 13, 2024. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Board of Directors of our Company at its meeting held on April 17, 2024.*

(2) *Assuming full subscription for and Allotment of the Rights Equity Shares.*

(3) *Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue related expenses.*

Notes to the Capital Structure

1. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI LODR Regulations**

   a) The shareholding pattern of our Company as on March 31, 2024, can be accessed on the website of BSE at https://www.bseindia.com/stock-share-price/iifl-finance-ltd/iifl/532636/shareholding-pattern/ and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=IIFL&tabIndex=equity;

   b) The statement showing holding of Equity Shares of persons belonging to the category "Promoters and Promoter Group" including the details of lock-in, pledge of and encumbrance thereon, as on March 31, 2024, can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532636&qtrid=121.00&QtrName=March%202024 and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=IIFL&tabIndex=equity; and

   c) The statement showing details of shareholders of our Company belonging to the category "Public" including Equity Shareholders holding more than 1% of the total number of Equity Shares as on March 31, 2024 as well as details of shares which remain unclaimed for public can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=532636&qtrid=121.00&QtrName=March%202024 and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=IIFL&tabIndex=equity;

2. No Equity Shares have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges and submission to SEBI.

3. Except as stated below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer:

   Our Company has in force the following ESOP Schemes as of the date of this Letter of Offer:

   i. IIFL Finance Employee Stock Option Plan 2008

Particulars	Number of Stock Options
Stock options granted	5,92,70,000
Stock options vested but not exercised	1,09,840
Stock options not vested	39,57,781
Stock options outstanding	40,67,621
Stock options lapsed	1,47,64,960

ii. ***IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme***

Particulars	Number of Stock Options
Stock options granted	82,81,111
Stock options vested but not exercised	11,30,136
Stock options not vested	5,40,000
Stock options outstanding	16,70,136
Stock options lapsed	38,92,768

4. **Subscription to the Issue by the Promoters and the Promoter Group**

Pursuant to letter dated April 17, 2024, our Promoters and Promoter Group have confirmed that they (i) will subscribe to the full extent of their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our Promoters or other member(s) of our Promoter Group); (ii) will subscribe to additional Rights Entitlements over and above their Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of our Promoter Group; and (iii) may subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue, each as may be applicable, subject to the subscription to additional Rights Equity Shares under (ii) and (iii) above, shall be made to the extent that: (a) it does not result in any obligation on our Promoters and other members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations; and (b) the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations.

Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

5. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ 413.75 (assuming full subscription of the Issue).

6. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the Promoter Group during the period between the date of filing this Letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.

7. At any given time, there shall be only one denomination of the Equity Shares of our Company.

8. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.

9. The details of the equity shareholders belonging to the public and holding more than 1% of the paid-up capital of our Company as on as on March 31, 2024 is as detailed below:

S. No.	Shareholder	Number of Equity Shares held on a fully diluted basis	Percentage of pre-Issue Equity Share capital held on a fully diluted basis (%)
1.	FIH Mauritius Investments Ltd	5,76,41,445	15.11
2.	Smallcap World Fund, Inc	2,70,53,256	7.09
3.	Parajia Bharat Himatlal	1,77,20,000	4.64
4.	DSP Midcap Fund	1,54,52,562	4.05
5.	Bank Muscat India Fund	1,25,98,222	3.30
6.	Nomura India Investment Fund Mother Fund	64,79,582	1.70
7.	WF Asian Reconnaissance Fund Limited	59,29,823	1.55
8.	HSBC Small Cap Fund	49,40,292	1.29
9.	Nomura Funds Ireland Public Limited Company-Nomura Funds Ireland – India Equity Fund	39,05,322	1.02
10.	Vanguard Total International Stock Index Fund	38,25,365	1.00

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards augmenting the capital base of our Company.

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) its existing activities; and (ii) the activities proposed to be funded from the Net Proceeds. Further, our objects as stated in the Memorandum of Association do not restrict us from undertaking the activities for which the funds are being raised by our Company through this Issue.

Issue Proceeds

The details of the Net Proceeds are summarised in the table below:

(in ₹ crore)

Particulars	Amount
Issue Proceeds*	1,271.83
Less: Estimated Issue related expenses**	4.78
Net Proceeds**	**1,267.05**

** Assuming full subscription in the Issue and Allotment with respect to the Rights Equity Shares.*
*** Estimated and subject to change. Please see "-Estimated Issue related expenses" on page 52.*

Requirement of funds and Utilisation of Net Proceeds

We intend to apply the Net Proceeds to be used in accordance with the details set forth in the following table:

(in ₹ crore)

Particulars	Estimated amount (up to)*
Augmenting the capital base of our Company	1,267.05
Net Proceeds*	**1,267.05**

** Assuming full subscription in the Issue and Allotment with respect to the Rights Equity Shares and subject to finalisation of the Basis of Allotment.*

Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of our management and will be subject to applicable laws and regulations. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws.

Since our Company is not proposing to fund any specific project from the Net Proceeds, the requirement to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance for such project proposed to be funded from the Net Proceeds is not applicable.

Proposed Schedule of Implementation or Deployment of Net Proceeds

The following table provides the schedule of utilisation of the Net Proceeds:

(in ₹ crore)

Particulars*	Amount proposed to be funded from the Net Proceeds	Proposed Schedule for deployment of the Net Proceeds in Fiscal 2025
Augmenting the capital base of our Company	1,267.05	1,267.05
Total	**1,267.05**	**1,267.05**

**Assuming full subscription in the Issue and Allotment with respect to the Rights Equity Shares and subject to finalisation of the Basis of Allotment.*

In the event that the Net Proceeds are not completely utilized for the purposes stated above and as per the estimated schedule of utilisation specified above, the same would be utilized in subsequent Fiscals for achieving the objects of the Issue. Any change in schedule of implementation or deployment of net proceeds i.e. utilization in subsequent Fiscals shall be subject to applicable laws and regulations.

Details of the activities to be financed from the Net Proceeds

The details in relation to objects of the Issue are set forth herein below.

Augmenting the capital base of our Company

Our Company is a Non-Banking Financial Company-Middle Layer ("**NBFC-ML**") registered with the RBI, catering to the credit requirements of a diverse customer base with its plethora of products. Our offerings include home loans, gold loans, loans against property and medium and small enterprise financing, micro finance, construction and real estate finance and capital market finance, catering to both retail and corporate clients. For further details, see "*Our Business*" beginning on page 60.

As per the RBI Master Directions, we are required to maintain a minimum capital ratio, consisting of Tier I capital and Tier II capital, of not less than 15% of our aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items, with Tier I capital not being below 10% at any point of time. Further, we are required to ensure that the total of Tier II capital at any point of time, should not exceed 100% of Tier I capital. Further, in accordance with the RBI Master Directions, we are required to maintain a common equity Tier I capital of at least 10% of risk weighted assets. As of December 31, 2023, our Company's CRAR – Tier I capital was 12.54% as compared to12.85% as of March 31, 2023.

The following table sets forth certain details regarding our Capital Adequacy as of the dates indicated:

(in ₹ crore, except ratio and percentages)

Particulars	**Standalone**			
	For the nine month period ended December 31, 2023	**For the nine month period ended December 31, 2022**	**Fiscal 2023**	**Fiscal 2022**
Tier I capital	2,837.41	2,518.40	2,442.31	2,433.77
Tier II capital	1,605.43	1,395.89	1,432.39	1,190.34
Total capital	**4,442.84**	**3,914.28**	**3,874.70**	**3,624.12**
Capital ratios				
Tier I CRAR	12.54%	13.83%	12.85%	16.02%
Tier II CRAR	7.09%	7.67%	7.53%	7.83%
CRAR	**19.63%**	**21.50%**	**20.38%**	**23.85%**

We intend to utilise the Net Proceeds towards augmenting our capital base to meet our future funding requirements for our business activities, including towards onward lending, strengthening our balance sheet and to ensure compliance with the requirements prescribed under the RBI Master Directions. This is expected to arise out of growth of our business and assets.

Estimated Issue related expenses

The estimated Issue related expenses are as follows:

S. No.	**Particulars**	**Estimated Amount** ***(in ₹ crore)***	**Percentage of total estimated Issue expenditure (%)**	**Percentage of Issue Size (%)**
1.	Fees payable to the Lead Managers	1.00	20.98	0.08
2.	Fee to the legal advisors, other professional service providers (includes Joint Statutory Auditors, practising company secretary, independent chartered accountant, etc.)	1.28	26.77	0.10
3.	Fee payable to the Registrar to the Issue	0.08	1.60	0.01
4.	Advertising, marketing and shareholder outreach expenses	0.04	0.75	0.00
5.	Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	2.07	43.36	0.16
6.	Printing and stationery, distribution, postage etc.	0.06	1.23	0.00
7.	Other expenses (including miscellaneous expenses and stamp duty)	0.25	5.30	0.02
Total estimated Issue related expenses[#]		**4.78**	**100.00**	**0.38**

[#] *Includes applicable taxes. Subject to finalisation of Basis of Allotment.*

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised.

Strategic or Financial Partners

There are no strategic or financial partners to the objects of the Issue.

Bridge Financing Facilities

As at the date of this Letter of Offer, our Company has not availed any bridge loans from any banks or financial institutions which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Pending utilisation for the purposes described above, we undertake to deposit the funds from the Net Proceeds with one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, for the necessary duration.

Monitoring Utilization of Funds from the Issue

Our Company has appointed CRISIL Ratings Limited as the Monitoring Agency for the Issue to monitor the utilization of the Net Proceeds. The Monitoring Agency shall submit a report to our Board, till 100% of the Net Proceeds has been utilised, as required under Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. Further, pursuant to Regulation 32(5) of the SEBI LODR Regulations, our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors of our Company, which shall be submitted by our Company with the Monitoring Agency.

Furthermore, in accordance with Regulation 32(1) of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published on our website and explanation for such variation (if any) will be included in our Director's report, after placing it before the Audit Committee.

Other confirmations

Except in the ordinary course of business, no part of the proceeds of the Issue will be paid by our Company to our Promoter, our Promoter Group, Directors, Key Managerial Personnel or Senior Management Personnel.

Our Promoters, our Promoter Group and our Directors do not have any interest in the objects of the Issue, and there are no material existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoters, Promoter Group, Directors, Key Managerial Personnel, Senior Management Personnel or associate companies (as defined under the Companies Act, 2013).

Our Company does not require any material government and regulatory approvals in relation to the objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARIES AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Date: April 17, 2024

To,
The Board of Directors,
IIFL Finance Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area, Wagle Estate,
Thane – 400 604

Dear Sirs,

Sub: Statement of possible special direct and indirect tax benefits available in connection with proposed rights issue of Equity Shares (the "Rights Issue") of IIFL Finance Limited ("Company").

We, Chhajed & Doshi, Chartered Accountants (FRN 101794W) and Sharp & Tannan Associates, Chartered Accountants (FRN 109983W), the joint statutory auditors of the Company, engaged by the Company for the purpose of the Issue have been requested by the Company to certify the possible special direct and indirect tax benefits available to the Company, IIFL Home Finance Limited and IIFL Samasta Finance Limited ("**Material Subsidiaries**") and to the shareholders of the Company under the Income-tax Act, 1961 ("**IT Act**") as amended, for Fiscal 2025 (Interim Budget) relevant to the assessment year Fiscal 2026, presently in force in India and Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, State Goods and Services Tax Act as passed by respective State Governments from where the Company and its Material Subsidiaries operates and applicable to the Company and its Material Subsidiaries.

Management's Responsibility

The preparation of the enclosed **Annexure A** is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other records supporting its contents. This responsibility includes the designing, implementation and maintaining of internal control relevant to the preparation and presentation of the Annexure A and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Responsibility

At your specific request, we, the joint statutory auditors of the Company, have examined the enclosed Annexure A. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Pursuant to the SEBI ICDR Regulations and the Companies Act 2013, it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible tax benefits available to the Company, its Material Subsidiaries and the shareholders of the Company, under the relevant tax laws as of the date of this certificate.

The benefits discussed in the enclosed Annexure A are not exhaustive. This statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Rights Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

The benefits discussed in the Statement are only intended to provide the special tax benefits to the Company, its Material Subsidiaries and the shareholders of the Company in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal, etc. of the shares. The special tax benefits listed herein are only the possible benefits which may be available under the current tax laws presently in force in India. Several of these benefits are dependent on the Company, its Material Subsidiaries or the shareholders of the Company fulfilling the conditions prescribed under the relevant tax laws, which based on business imperative it faces in the future, it may or may not choose to fulfil.

We do not express any opinion or provide any assurance as to whether:

i. The Company or its Material Subsidiaries or its shareholders will continue to obtain these benefits in future;
ii. The conditions prescribed for availing the benefits have been / would be met with; and
iii. The revenue authorities / courts will concur with the view expressed herein.

We hereby give our consent to include this certificate including the enclosed statement regarding the special tax benefits available to the Company, its shareholders and its Material Subsidiaries in the Letter of Offer in connection with the proposed Rights Issue of the Company. We hereby consent to be named an “expert” under the Companies Act, 2013, as amended, and our name may be disclosed as an expert to any applicable legal or regulatory authority insofar as may be required, in relation to the statements contained therein. We further confirm that we are not and have not been engaged or interested in the formation or promotion or management of the Company.

We consent to the inclusion (in part or full) of the above information in the letter of offer in relation to the Issue, the abridged Letter of Offer in relation to the Issue or any other Issue-related material (collectively, the “Issue Documents”), and may be relied upon by the Company, the Book Running Lead Managers and the legal advisor in relation to the Issue. We hereby consent to the submission of this certificate as may be necessary to the SEBI, the relevant registrar of companies, the relevant stock exchanges (the “Stock Exchanges”) and any other regulatory authority and/ or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law.

Thanking you,
Yours faithfully,

Signed by the Joint Statutory Auditors of the Company

For Chhajed & Doshi
Chartered Accountants
ICAI Firm Reg. No. 101794W
By the hand of

M. P. Chhajed
Partner
Membership No. 049357
Place: Mumbai
Date: April 17, 2024
UDIN: 24049357BKCFFW8902

For Sharp & Tannan Associates
Chartered Accountants
ICAI Firm Reg. No. 109983W
By the hand of

Parthiv S. Desai
Partner
Membership No. 042624
Place: Mumbai
Date: April 17, 2024
UDIN: 24042624BKFRSC1842

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL DIRECT AND INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARIES AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

LIST OF DIRECT AND INDIRECT TAX LAWS

Sr. No.	Details of tax laws ('TAX LAWS')
1.	Income-tax Act, 1961 and Income-tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	State Goods and Services Tax Act, 2017

LIST OF MATERIAL SUBSIDIARIES

Sr. No.	Name
1	IIFL Home Finance Limited
2	IIFL Samasta Finance Limited.

The information provided below sets out the special direct and indirect tax benefits in the hands of the Company, its Material Subsidiaries and its shareholders in a summarized manner only and is not a complete analysis or listing of all potential tax benefits, under the current Income-tax Act, 1961 ("IT Act"), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017 and respective State Goods and Services Tax Act, 2017 (collectively, "**GST Act**") (collectively, "**Taxation Laws**") presently in force in India.

Several of these special tax benefits are dependent on fulfilling the conditions prescribed under the relevant Taxation Laws. Hence, the ability of the Company and/or its shareholders and/or its Material Subsidiaries to derive the special tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives any of them face, they may or may not choose to fulfil. Further, certain special tax benefits may be optional and it would be at the discretion of the Company or its shareholders or its Material Subsidiaries to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the special tax benefits, which an investor can avail. The statement below covers only relevant Taxation Laws benefits and does not cover any benefit under any other law.

The Statement has been prepared on the basis that the shares of the Company will be listed on a recognized stock exchange in India and the Company will be issuing shares.

SPECIAL TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 IN THE HANDS OF THE COMPANY, ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARIES:

The provision of the law stated below sets out only the special tax benefits available to the Company and its shareholders and its Material Subsidiaries under the current Income Tax Act, 1961 as amended by the Finance Act, 2024 (Interim Budget) applicable for Fiscal 2025 relevant to the assessment year 2025-26, presently in force in India.

A. Special tax benefits available to the Company & its Material Subsidiaries under the Income Tax Act, 1961 ("IT ACT")

a) Lower corporate tax rate under section 115BAA :-

Section 115BAA was inserted in the IT Act by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 (A.Y. 2020-21). Section 115BAA grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA, it can pay corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their 'book profits' under section 115JB of the IT Act.

However, such a company will no longer be eligible to avail specified exemptions/ incentives under the IT Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

The Company and its Material Subsidiaries have opted to apply section 115BAA of the Act.

b) Section 80M-Deduction in respect of Inter Corporate Dividends:-

As per the provisions of section 80M of the Act, a resident corporate shareholder can claim a deduction of an amount equal to dividends received from another domestic company or a foreign company or a business trust. Such deduction shall be claimed from gross total income of the resident corporate shareholder and shall not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

c) **Section 80JJAA – Deduction in respect of employment of new employees**

As per the section 80JJAA of the Act, the Company and its Material Subsidiaries are entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

d) Deduction made towards bad and doubtful debts:

i. Under section 36(1)(viia)

Under section 36(1)(viia) of the Act in respect of any provision made for bad and doubtful debts, The Company and its Material Subsidiaries is entitled to a deduction not exceeding 5% of the total income (computed before making any deductions under this clause and Chapter VIA)

ii. Deduction under section 36(1)(vii)

The subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act shall be reduced to the extent of deduction already allowed under section 36(1)(viia) of the Act. As per section 41(4) of the IT Act, where any deduction has been claimed by the Company or its Material Subsidiaries in respect of a bad debt under Section 36(1)(vii) of the IT Act, then any amount subsequently recovered on any such debt is greater than the difference between such debt and the amount so allowed as a deduction under section 36(1)(vii) of the IT Act, the excess shall be deemed to be business income of the year in which it is recovered.

iii. Section 43D – Special provisions for taxability of Interest income from certain prescribed bad debts

Section 43D of the Act provides, inter-alia, for special provision in case of interest income of deposit taking Non-Banking Financial Companies and Systemically Important Non-Deposit taking Non-Banking Financial Companies. Interest income in relation to certain categories of bad or doubtful debts as specified in Rule 6EA of the Income-tax Rules, 1961 ('Rules') received by such NBFCs is chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or in which it is actually received, whichever is earlier.

B. Special tax benefits available to IIFL Home Finance Limited under IT Act

i. Deduction under section 36(1)(viii) -Transfer to Special Reserve:

IIFL Home Finance Limited is also eligible for a deduction of 20% of the profits from eligible business or an amount transferred to the special reserve, whichever is lower, as per the provisions of section 36(1)(viii) of the Act in computing its income under the head "Profits and gains of Business or Profession" (computed before making any deduction under this section). However, where the aggregate amounts transferred to such special reserve from time to time, exceeds two hundred percent of the paid-up share capital and general reserves, IIFL Home Finance Limited shall not get a deduction for such excess.

C. Special tax benefits available to the shareholders under IT Act:

There are no special tax benefits available to the shareholders of Company for investing in the shares of the Company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the IT Act.

a) Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the IT Act would be available on fulfilling the conditions. Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.

b) As per Section 112A of the IT Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity- oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the IT Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 100,000/-.

The benefit of concessional rate of tax under section 112A on long-term capital gains will not be available, where no securities transactions tax is paid. In such cases, under the provisions of section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or zero coupon bond would be charged to tax either at the rate of 20% (plus applicable surcharge and education cess), after considering indexation benefits as per second proviso to section 48, or at 10% (plus applicable surcharge and education cess) without indexation benefits. Under section 48 of the Act, the long-term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) will be computed after indexing the cost of acquisition/improvement.

c) In terms of the provisions of section 111A of the Act, short-term capital gains arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be chargeable to tax at the rate of 15% in the hands of the shareholders, provided, the transaction of sale of such equity share or unit is entered on or after the date on which chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to securities transaction tax under that chapter.

However, if the transaction is undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency, fulfilment of the condition in respect of securities transaction tax shall not apply.

The short term capital gains not eligible for the concessional rate under section 111A of the Act, are chargeable to tax as per the relevant rate applicable to the shareholder plus applicable surcharge and education cess.

D. To Non-Resident Shareholders

a. In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

b. Pursuant to the amendment introduced by the Finance Act 2008, any payment of securities transaction tax in respect of taxable securities transactions which are taxable under the head “profits and gains of business or profession” shall be allowed as deduction under section 36 (1) (xv) of the Act against such income.

c. A capital gain arising to FIIs or a specified fund on sale of shares is governed by section 115AD of the Income-tax Act. As per section 115AD of the Income-tax Act, long-term capital gains arising on transfer of shares purchased by FIIs upto ₹ 1,00,000/- is exempt and exceeding ₹ 1,00,000/- are taxable at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess). As per section 115AD read with section 111A of the Income Tax Act, Short-term capital gains are however, taxable at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess). Cost indexation benefits will not be available. Further, the provisions of the first proviso of section 48 of the Income Tax Act will not apply.

d. In accordance with and subject to the provisions of section 115AD read with section 196D(2) of the Income-tax Act, no deduction of tax at source is applicable in respect of capital gains arising from the transfer of the equity shares payable to FIIs.

e. In the case of all non-resident shareholders, the above tax rates are subject to the benefits, if any, available under the double taxation avoidance agreements signed by India with the country of which the non-resident shareholder may be a tax resident, subject to fulfilment of conditions prescribed there under.

SPECIAL TAX BENEFITS UNDER THE INDIRECT TAX LAWS

The Annexure pertaining to indirect tax laws is based on the provisions of The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, each as amended (collectively, referred to as “**Indirect Tax Laws**”)

A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS MATERIAL SUBSIDIARIES

As per the GST laws, any income earned out of extending deposits, loans, or advances in so far as the consideration is represented by way of interest or discount is exempted from payment of GST. Thus, interest income earned by the Company on loans granted is exempted from payment of GST.

Further, in accordance with the provisions of the GST law, every registered person is required to reverse input tax credit attributable to the exempt income (arrived by determining the ratio of exempt income over total income). However, Financial

Institutions like NBFCs and Banks are given an option to reverse 50% of their total eligible input tax credit. Such option is available to the NBFC separately for each registration and in each year.

The Company and its Material Subsidiaries have exercised the option of reversal of 50% of their total eligible input tax credit for all its registrations.

B. SPECIAL INDIRECT TAX BENEFITS TO SHAREHOLDERS OF THE COMPANY

As per the GST laws, shares, being in the nature of securities, are specifically excluded from the definition of goods and services contained in Section 2(52) and 2(102) of the Central Goods and Services Tax Act, 2017 respectively. Consequently, the activity of sale of shares is not subject to the levy of GST. Similarly, income derived from shares (e.g., dividend) is not subject to the levy of GST under GST laws.

Notes

i. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
ii. The stated benefits will be available only to the sole/ first named holder in case the equity shares are held by joint holders.
iii. This Statement does not discuss any tax consequences in the country outside India of an investment in the equity shares of the Company. The shareholders/ investors in any country outside India are advised to consult their own professional advisers regarding possible income tax consequences that apply to them.
iv. The possible special tax benefits are subject to several conditions and eligibility criteria which need to be examined for precise tax implications.
v. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.
vi. This Statement does not cover analysis of provisions of Chapter X-A of the Act dealing with General Anti- Avoidance Rules and provisions of Multilateral Instruments.

For **IIFL Finance Limited**

Megha Garodia
Authorized Signatory

SECTION IV: ABOUT OUR COMPANY

OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 14 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations on a Consolidated Basis" on pages 17 and 192, respectively, for a discussion and analysis of factors that may affect our business, financial condition, results of operations or cash flows. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular "Fiscal" are to the 12 months ended March 31 of that year. All financial information included herein is given on a consolidated basis unless stated otherwise. Please read "Presentation of Financial and Other Information – Financial Data" on page 12 before reading this section.

OUR OVERVIEW

Our Company is a Non-Banking Financial Company – Middle Layer ("**NBFC-ML**") registered with the RBI, catering to the credit requirements of a diverse customer base with its plethora of products. Our offerings include home loans, gold loans, loans against property and medium and small enterprise financing, micro finance, construction and real estate finance and capital market finance, catering to both retail and corporate clients.

Our Company has received a registration as a Non-Banking Financial Company bearing registration number N-13.02386 vide certificate dated March 6, 2020.

Over the past several years, we have diversified our products and expanded our presence into segments that are of greater relevance to the evolving business environment and customer demand trends. Our key strategy is to steadily grow high quality, diversified retail assets focusing on under-banked segments, with effective risk management and cost optimization through well-defined processes and leveraging technology.

Our product offerings are detailed below:

Home Loans: include finance for purchase of flats, construction of houses, extension and for improvement in the flats/homes.

Loan against property (LAP): is availed for working capital requirements, business use or acquisition of new commercial property.

Gold Loans: includes finance against security of mainly used gold ornaments. We offer loan against gold to small businessmen, vendors, traders, farmers and salaried people for their personal needs as well as for working capital needs.

Micro, small and medium enterprise financing segment (MSME): is to provide working capital finance to small business owners. We provide small ticket loans, thereby being able to meet the needs of small scale businesses including standalone shops etc.

Microfinance: includes credit support mainly to women, who have either limited or no access to formal banking channels. We provide financial services to the economically weaker sections of society with an aim to bring microfinance services to the doorstep of the rural and semi-urban BoP (Bottom of Pyramid) families in India. Loans are offered under various categories such as income generation, education, sanitation etc. We follow the Grameen Model (also regarded as joint liability group).

Construction and Real Estate finance: includes loans to developers for construction and development of predominantly affordable residential projects and a small proportion of mixed-use projects. In line with our broader retail strategy, the construction finance vertical is an enabler for providing retail loans under the approved project route, wherein our Company has tie-ups with developers for funding the property buyers under the retail home loan category.

Capital Market Finance: includes Loans against Securities, Margin Funding, IPO financing and other structured lending transactions.

As at December 31, 2023, December 31, 2022, March 31, 2023 and March 31, 2022, our consolidated assets under management were ₹ 77,444.16 crore, ₹ 57,940.55 crore, ₹ 64,637.64 crore and ₹ 51,209.79 crore, respectively.

Our product wise split of assets under management on a consolidated basis is as under:

(in ₹ crore)

Products	**AUM**			
	December 31, 2023	**December 31, 2022**	**March 31, 2023**	**March 31, 2022**
Home Loans	25,518.59	20,389.09	21,800.37	17,727.04
Loan against property	7,862.20	6,185.91	6,671.20	5,675.33

Products	AUM			
	December 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022
Gold Loans	24,692.50	18,283.56	20,733.26	16,228.02
MSME Financing	3,904.79	1,996.01	2,511.55	1,883.73
Microfinance	12,089.88	7,834.32	9,785.63	6,154.64
Construction and Real Estate Finance	2,889.40	2,705.16	2,694.06	2,899.17
Capital Markets Financing	486.80	546.49	441.57	641.86
Total AUM	**77,444.16**	**57,940.55**	**64,637.64**	**51,209.79**

The following table sets forth certain key performance metrics on a consolidated basis, as of and for the nine month period ended December 31, 2023 and December 31, 2022 and for the years ended March 31, 2023 and March 31, 2022:

(in ₹ crore, unless otherwise stated)

Particulars	December 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022
AUM	77,444.16	57,940.55	64,637.64	51,209.79
Total Comprehensive Income (TCI) (post non-controlling interest)	1,380.11	1,116.34	1,534.01	1,197.11
Pre-provision operating profit (PPOP)*	2,674.37	2,057.41	2,831.39	2,285.00
PPOP/ Average AUM	3.80%	3.81%	5.76%	4.88%
Operating Expenses/ Average AUM	2.90%	3.02%	4.56%	3.40%
Average Interest Spread	8.21%	7.57%	7.84%	6.54%
Cost/income ratio (%)	43.06%	42.86%	43.00%	39.47%
ROA[#] (%)	3.67%	3.22%	3.25%	2.75%
ROE[##] (%)	19.52%	19.45%	19.92%	20.60%
GNPA (%)	1.71%	2.08%	1.84%	3.15%
NNPA (%)	0.87%	1.06%	1.08%	1.83%
PCR[###] (% including stage 1,stage 2 and SICR/Standard asset provision)	150.94%	164.02%	167.25%	118.67%
No. of employees**	39,267	32,687	33,910	28,369
No. of branches**	4,681	3,965	4,267	3,296

** PPOP excludes gain/loss on Fair value changes*
*** Figures are not in crore.*
 # Return on Assets (ROA) = Profit after tax before Non-Controlling Interest / Average total assets
Return on Equity (ROE) = Profit after tax post non-controlling interest / Average net worth (Excluding non-controlling interest)
###Provision coverage ratio (PCR) = Total Expected Credit Loss Provision / Gross Non-Performing Advances (GNPA)

Our revenue from operations on a consolidated basis grew at a CAGR of 19.14% over the last two Fiscals.

For Fiscal 2023, our Company's total income, on a consolidated basis, amounted to ₹ 8,447.11 crore as compared to ₹ 7,023.61 crore for the Fiscal 2022. Our profit before tax on a consolidated basis for the Fiscal 2023 stood at ₹ 2,112.52 crore as compared to ₹ 1,535.98 crore in Fiscal 2022.

For the nine month period ended December 31, 2023, our Company's total income, on a consolidated basis, amounted to ₹ 7,587.88 crore as compared to ₹ 6,171.10 crore for the nine months period ended December 31, 2022. Our profit before tax on a consolidated basis stood at ₹ 2,018.22 crore for the nine months period ended December 31, 2023, as compared to ₹ 1,518.50 crore in the nine months period ended December 31, 2022.

Key Operational and Financial Parameters

The following table sets forth the Key Operational and Financial Parameters on a consolidated basis for Fiscals 2023 and 2022:

Parameters	Fiscal 2023	Fiscal 2022
Balance Sheet		
Net Fixed assets	206.91	158.27
Current assets	26,328.68	23,053.31
Non-current assets	26,465.73	22,698.86
Total assets	**53,001.32**	**45,910.44**
Non-Current Liabilities (including maturities of long-term borrowings and short term borrowings)	**25,947.00**	**26,809.42**
Financial (borrowings, trade payables, and other financial liabilities)	25,928.45	26,795.69
Provisions	18.55	13.73
Current Liabilities (including maturities of long-term borrowings)	**16,852.18**	**12,631.29**
Financial (borrowings, trade payables, and other financial liabilities)	16,740.14	12,530.70
Provisions	66.22	50.38
Current tax liabilities (net)	45.82	50.21
Equity (including other equity and non-controlling interest)	10,202.14	6,469.73
Total equity and liabilities	**53,001.32**	**45,910.44**

Parameters	Fiscal 2023	Fiscal 2022
Profit and Loss		
Total revenue	**8,447.11**	**7,023.61**
From operations	8,258.85	6,854.73
Other income	188.26	168.88
Total Expenses	6,334.59	5,487.63
Profit before tax	2,112.52	1,535.98
Profit after tax	1,607.55	1,188.25
Other comprehensive income	32.19	9.21
Total comprehensive income	1,639.74	1,197.46
EPS		
(a) Basic	39.49	31.33
(b) Diluted	39.18	31.14
Cash Flow		
Net cash (used in)/ generated from operating activities	(4,940.56)	1,783.73
Net cash (used in)/ generated from investing activities	(2,730.45)	(995.79)
Net cash (used in)/ generated from financing activities	5,090.04	2,780.80
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	**3,630.67**	**6,211.64**
Key Performance Indicators		
Net worth excluding minority	8,790.50	6,273.85
Cash and Cash Equivalents	3,630.67	6,211.64
Assets under Management	64,637.64	51,209.79
Off Balance Sheets Assets	24,535.77	17,143.21
Total Debts to Total assets	0.75	0.78
Interest Income	7,369.27	6,134.53
Interest Expense	3,221.83	2,991.00
Provisioning & Write-Offs	866.13	904.81
Gross NPA (%)	1.84%	3.15%
Net NPA (%)	1.08%	1.83%
Tier I Capital Adequacy Ratio (%)*	12.85%	16.02%
Tier II Capital Adequacy Ratio (%)*	7.53%	7.83%
CRAR*	**20.38%**	**23.85%**

**On standalone basis*

Notes:

1. *Net Worth means share capital plus reserves less non-controlling interest and miscellaneous expenditure to the extent not written off.*

We have maintained our asset quality over the years, which is reflected in our levels of NPAs (gross and net). The NPAs as a percentage of our consolidated Loan Book is as set out below:

Financial Year/Period	Gross NPA	Net NPA
Nine month period ended December 31, 2023	1.71%	0.87%
Nine month period ended December 31, 2022	2.08%	1.06%
March 31, 2023	1.84%	1.08%
March 31, 2022	3.15%	1.83%

Segment wise GNPA on a consolidated basis:

Particulars	As at December 31, 2023	As at December 31, 2022	As at March 31, 2023	As at March 31, 2022
Home Loan	1.60%	2.16%	1.92%	2.60%
Loan against Property	2.67%	3.48%	2.90%	4.51%
Gold Loans	0.80%	0.84%	0.80%	0.90%
MSME Financing	2.83%	4.18%	3.63%	9.65%
Microfinance	2.07%	2.65%	2.12%	3.87%
Construction & Real Estate Finance	0.36%	0.39%	0.39%	4.25%
Capital Market Financing	0.00%	0.00%	0.00%	0.00%

The following table sets forth details of our non-performing assets and provisions as at December 31, 2023, December 31, 2022, March 31, 2023 and March 31, 2022 on a consolidated basis:

(in ₹ crore, unless stated otherwise)

Particulars	As at December 31, 2023	As at December 31, 2022	As at March 31, 2023	As at March 31, 2022
Loan Book*	47,209.74	36,285.59	40,101.87	34,066.58
Gross NPA	809.19	754.10	738.14	1,074.29
Gross NPA as % of Loan Book	1.71%	2.08%	1.84%	3.15%
Provision against NPA	401.72	368.75	304.50	452.15

Particulars	As at December 31, 2023	As at December 31, 2022	As at March 31, 2023	As at March 31, 2022
Net NPA	407.47	385.35	433.64	622.15
Net NPA as % of Loan Book	0.87%	1.06%	1.08%	1.83%
Provision towards Standard assets	819.67	868.09	774.42	899.75
PCR % - Specific provision	49.65%	48.90%	41.25%	42.09%
PCR % - Overall provision	**150.94%**	**164.02%**	167.25%	118.67%

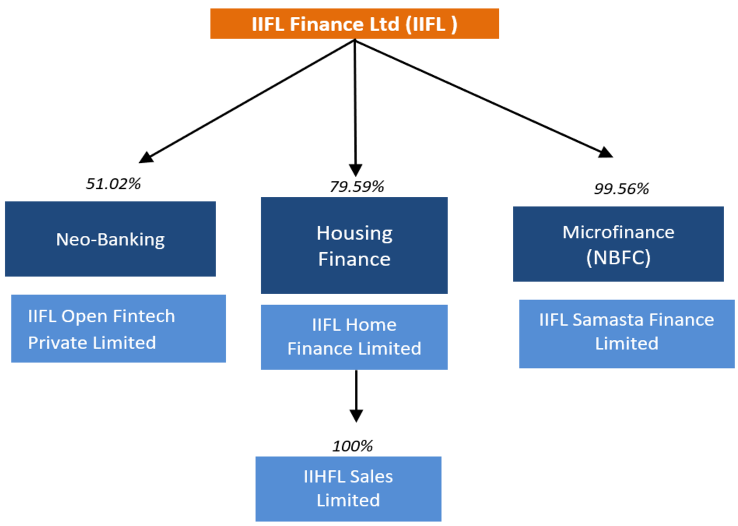
**Loan assets under management (AUM) = Loan Book + Off Book#*
#Off Book = Assigned asset + Co-lending book

We are subject to capital adequacy ratio ("**CAR**") requirements prescribed by RBI. We are currently required to maintain a minimum of 15% as prescribed under the Prudential Norms of RBI based on our total capital to risk weighted assets. As of December 31, 2023, our capital adequacy ratio computed on the basis of applicable RBI requirement was 19.63% as compared to a minimum of capital adequacy requirement of 15% stipulated by RBI.

Set forth below is our capital adequacy ratio for the nine month period ended December 31, 2023 and December 31, 2022 and for the year ended March 31, 2023 and March 31, 2022 on a standalone basis:

Particulars	December 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022
Capital Adequacy Ratio	19.63%	21.50%	20.38%	23.85%
Tier I Capital	12.54%	13.83%	12.85%	16.02%
Tier II Capital	7.09%	7.67%	7.53%	7.83%

Corporate Structure *



**Based on Equity shareholding as on December 31, 2023.*

Industry Outlook

Global Macroeconomic Outlook

The global economic recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost of-living crisis is proving surprisingly resilient. Inflation is falling faster than expected from its 2022 peak, with a smaller-than-expected toll on employment and activity, reflecting favourable supply-side developments and tightening by central banks, which has kept inflation expectations anchored. At the same time, high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024. (*Source: World Economic Outlook Update: Moderating Inflation and Steady Growth Open Path to Soft Landing, January 2024*) Global growth is projected at 3.1% in CY 2024 and 3.2% in CY 2025. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8%, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8% in 2024 and to 4.4% in 2025. With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. *(Source: World Economic Outlook Update: Moderating Inflation and Steady Growth Open Path to Soft Landing, January 2024*)

Indian Economy

The Indian economy's GDP at Current Prices in the year Fiscal 2024 is estimated at ₹ 296.58 trillion, as against ₹272.41 trillion for Fiscal 2023 showing a growth of 8.9% (*Source: Ministry of Statistics and Programme Implementation, Press note January 5, 2024*) India has become the fifth largest economy in the world, surpassing the U.K. and France. (*Source: World Bank GDP Ranking 2022*) Amidst strong global headwinds, the Indian economy is expected to have recorded a growth of 7.0% in real Gross Domestic Product ("**GDP**") in Fiscal 2023. A sustained recovery in discretionary spending, particularly in contact intensive services, restoration of consumer confidence, high festival season spending after two consecutive years of COVID-19 induced isolation and the government's thrust on capex provided impetus to the growth momentum. In the second half of the year, however, the pace of year-on-year growth moderated because of unfavourable base effects, weakening private consumption demand caused by high inflation, slowdown in export growth and sustained input cost pressures. (*Source: RBI, Annual Report 2022-2023*)

In the Monetary Policy Committee Meeting held in February 2024 the committee, basis of an assessment of the current and evolving macroeconomic situation, decided to keep the policy repo rate under the liquidity adjustment facility ("**LAF**") unchanged at 6.50%. Consequently, the standing deposit facility ("**SDF**") rate remained unchanged at 6.25% and the marginal standing facility ("**MSF**") rate and the bank rate at 6.75%. These decisions were made with the objective of achieving the medium-term target for CPI inflation of 4% within a band of +/- 2%, while supporting growth. (Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) February 6-8, 2024)

Our Strengths

We believe that the following are our key strengths:

Diversified product portfolio catering to a wide customer base

Our Company aims at promoting inclusive growth and with a wide variety of loan products including home loans, loans against property, gold loans, construction and real estate finance, capital market financing, MSME financing and micro finance, caters to all types of customers in the country – salaried, self-employed, informal sector, HNIs and corporates. As on December 31, 2023, our overall portfolio comprises 32.95% home loans, 10.15% loan against property, 31.88% gold loans, 5.04% MSME financing, 15.61% microfinance, 3.73% construction and real estate finance and 0.63% capital market financing. Further, as on March 31, 2023, our portfolio composition included 33.73% home loans, 10.32% loan against property, 32.08% gold loans, 3.89% MSME financing, 15.14% microfinance, 4.17% construction and real estate finance and 0.68% capital market financing. We have a widespread network of branches spanning the length and breadth of the country which facilitates servicing a broad customer base while reducing dependency on a single or small number of regions. Our branch network also helps us adopt best practices developed in a region across all our branches. We provide multiple products from our branches thereby providing better accessibility to clients, reducing operating costs and improving total sales.

Strong asset quality with consistent low level of NPAs

The quality of our loan portfolio is reflected in the consistent low level of NPAs. We believe that our robust credit approval mechanisms, credit control processes, audit and risk management processes and policies help us maintain the quality of our loan portfolio. We have in place product specific lending policies, and various committees set up by the Board with defined terms of references. We routinely monitor credit risk, risk concentration and compliance with board approved policies. Credit monitoring for retail products is undertaken at portfolio level wherein risk assessment is undertaken on various parameters like demographics, sector, geography, etc. As part of the credit assessment, we analyze past financial information, applicant's business performance/earnings history to assess their ability to repay loans. In addition to document verification and credit bureau reports, we conduct site verifications, interviews, as well as market and banking reference checks on the applicant, co-applicant and guarantor, as applicable. For institutional borrowers, additional assessment is undertaken on parameters of viability of business, credit history, and reputation and experience of the relevant promoters/founders/management of the organization. Additionally, as on December 31, 2023, 70.82% of our consolidated Loan Book is secured with adequate collaterals which helps mitigate risks further and our gross and net NPA stood at 1.71% and 0.87% respectively. As on March 31, 2023, 73.51% of our consolidated Loan Book was secured with adequate collaterals and our gross and net NPA stood at 1.84% and 1.08%, respectively.

Diversified funding sources and strong credit profile

Our funding requirements are currently predominantly sourced through term loans from banks, issue of secured and subordinated redeemable non-convertible debentures on public and private placement basis, refinance from all India financial institutions, securitization and direct assignment of our retail portfolio of loans with sufficient availability of working capital facilities from banks. We have access to funds from multiple classes of credit providers, including public sector banks, private commercial banks, other financial institutions, pension and provident funds, mutual funds, foreign institutional investors and domestic retail investors. Through our stable, long term relationships with our lenders, we have been able to borrow from a range of sources at competitive rates and have maintained adequate liquidity to meet our borrowing obligations and fund our growth, keeping a margin of safety.

In relation to our long-term debt instruments, we have long term ratings of 'AA/Watch developing' from CRISIL (earlier rated as AA/Positive) on March 12, 2024, 'IND AA/RWN' from India Rating (earlier rated as IND AA/Positive) on March 13, 2024, 'AA ; placed on Rating Watch with Negative Implications' from ICRA (earlier rated as AA; Stable) on March 12, 2024 and ‘AA (RWN)’ from CARE (earlier rated as ‘AA Stable’) on April 13, 2024.

Fitch Ratings has put our Company’s ‘B+’ long-term issuer default rating and medium-term note programme on ‘Rating Watch Negative’ on March 14, 2024. Further Brickwork Ratings has given our Company a rating of ‘BWR AA+/ Rating Watch with Negative Implications’ (earlier rated as ‘BWR AA+/Stable’) for our non-convertible debentures, on March 14, 2024.

In relation to our short-term debt instruments, we currently have a short term rating of ‘A1+’ from CRISIL and ICRA on March 12, 2024, respectively.

Set forth below is our average cost of borrowing for the nine month period ended December 31, 2023 and December 31, 2022 and for the financial year ended Fiscal 2023 and Fiscal 2022 and, on a consolidated basis:

Year	Nine month period ended December 31, 2023	Nine month period ended December 31, 2022	Fiscal 2023	Fiscal 2022
Average cost of borrowing	9.06%	8.69%	8.75%	8.52%

Robust systems with a strong focus on digitization

We believe our well-defined business processes ensure efficient achievement of organisational tasks and in turn effective service to our customers. Our robust credit approval and credit control processes, centralized operations unit, independent audit unit for checking compliance with the prescribed policies, and risk management processes and policies provide for multiple checks and verifications for both legal and technical parameters. Our loan approval and administration procedures, collection and enforcement procedures are designed to minimize delinquencies and maximize recoveries.

Further, we have a strong focus on digitization across all organizational functions and believe technology is a business enabler for our Company. Our technology driven processes aid in product innovation, reduced turnaround times, cost optimization and superior customer experience thereby creating balanced scalable growth models. We are incrementally leveraging technology to streamline processes across the loan lifecycle including sourcing and on-boarding, underwriting, administration, monitoring and collection in order to further improve turnaround times, enhance the quality of service provided to customers as well as achieve a higher degree of productivity within the organization. We believe technology driven processes will facilitate us to respond to market opportunities and challenges swiftly, help monitor process and performance, and improve our risk management capabilities.

We believe that our end-to-end digitized processes, robust loan management system and strong analytics abilities offer us a significant competitive advantage. Our systems have the capability of end to end customer data capture, computation of income, margin monitoring, collateral data capture, and repayment management. Our loan approval is controlled by the loan application system. Our systems are customised for our services and help us reduce turnaround time and enhance our processes and operational excellence. Our systems fully integrate businesses in every aspect bringing together various departments in simple transitions and customer information updates. Continuous enhancement of our technology capabilities allows us better informed decision making and faster execution along with strong internal control mechanisms.

We have completely digitized our business loans journey, right from customer on-boarding to underwriting, disbursements and collections. We have collaborated with the fintech ecosystem to further enhance our platform and customer experience. With these strong partnerships, we intend to co-create solutions for enhanced experience in MSME lending. We have both app based and WhatsApp journeys available for paperless instant unsecured business loans. We have enabled digital top-up to retain quality customers in home loan and secured MSME loan, wherein the entire journey is paperless – communication for accepting sanction letter and e-agreement is sent to eligible customers sent *via* SMS. The disbursement is automatic with no manual intervention.

Strong physical and digital footprint

A strong physical as well as digital footprint is very important in our business, as it increases reach and access to customers. Physical presence is required in the gold and micro finance business whereas a digital identity provides wider access in the home, personal and MSME loan categories. We have steadily expanded our branches over time and have 4,681 branches as of December 31, 2023. Our widespread branch network enhances the brand equity and enriches customer experience. Our branch network is well spread across Tier I/II and Tier III cities across the country, effectively providing credit to the underserved segments of customers in these areas. Our microfinance branches are well entrenched in rural and semi-urban areas as well, effectively serving the relevant customer segment with 1,572 dedicated microfinance branches. In line with our strategy to achieve greater digitization in the organisation and considering the ever increasing penetration of internet and mobile services in the country, we also have in place advanced technology led systems for loan applications through our website and portable tablet based applications. This caters to the growing section of population which prefers or is incrementally relying on digital channels to access services. Our cross-country branch presence coupled with well-developed digital infrastructure gives us a widespread presence across channels and enables us to access and service a diverse customer base and their multiple credit requirements.

Well established brand along with a strong and experienced management team

'IIFL' is a well-established brand among retail, institutional and corporate clientele in India. We believe we have benefited extensively from the Promoters' experience in the financial services industry to develop deep understanding of the market and related opportunities, gauge customer expectations and design suitable products for our target customer base.

We derive synergies from our group companies and are able to leverage it for competitive advantage. IIFL Securities has a vast broker network and relationships with mutual funds, insurance companies etc. We also have a referral agreement with an entity forming part of our group, engaged in the business of healthcare and wellness solutions and online tele-consultation services through their empanelled doctors. Our company's wide branch network in turn offers reach and brand recognition, we are able to provide capital market funding to IIFL Securities clients. All our group company transactions are strictly done on arms-length basis.

We are led by qualified and experienced Board of Directors and key managerial personnel. The Board comprises eleven directors with significant experience in the banking and finance sector. The members of our executive management team also have significant experience in the products and services offered by us. We believe that our senior management and experienced executives are and would continue to be the principal drivers of our growth and success in all of our businesses; and that their extensive relevant experience and financial acumen will continue to provide us with a distinct competitive advantage. Our management organization structure is designed to support each product line with a dedicated team of executives with substantial experience in their particular business segment.

Our Strategies

Our key strategy is to steadily grow high quality, diversified retail assets focusing on under-banked segments, with effective risk management and cost optimization through well-defined processes and leveraging technology. Key elements of our strategy are:

Address growing financial needs in under-served markets

With a significant portion of population still being outside the reach of the formal credit system, our Company believes in contributing to bridging the credit gap in the country. We aim to efficiently and effectively provide credit to the underserved segment of customers and our diversified offerings have been built on a sound understanding of customer needs. With our widespread branch network, retail focus and a product suite catering to all classes of customers, we aim to contribute to financial inclusion in the country.

Build capacity and grow customer base through retail focus and geographic expansion

We are focused on high growth, dispersed risk- retail lending. We have innovatively designed our product and distribution strategies to fulfil our clients' credit requirements. Our product portfolio caters to all segments of customers – salaried, self-employed, informal sector, HNIs and corporates. We seek to further increase our presence in retail segments including home loans, gold loans, MSME and micro financing with an aim to capitalize on the opportunity arising from underserved customer segments as well as provide scale and diversify the risk across industries and collaterals.

We intend to utilize our extensive branch network to access a larger customer base and plan to expand our network as relevant with the aim of achieving deeper penetration in existing products and regions as well as tap new, lucrative markets. While assessing a potential branch site, we analyse the local market and proximity to target customers with the objective of providing ease of access to customers as well as enhancing brand visibility for our Company. Our diversification and expansion strategy aims to adapt to a constantly changing digital milieu, and thereby seize growth opportunities whilst remaining cognizant to associated risks to our value chain.

Achieve superior performance with further strengthening our operating processes and risk management system

We are focused on building a process driven organization with a culture of compliance, audit and risk management. Operations excellence and risk management forms an integral part of our business. Our processes have been standardized with the objective of providing high levels of service quality and we have implemented high levels of digitization in our operational processes which contribute to faster turnaround times with lesser incidence and occurrence of errors.

Our risk management procedures are integrated seamlessly across our business operations and ensure constant measurement and monitoring of various risks we are subject to. The risk management model involves initial management control at business entity level, risk control and compliance oversight functions and overall independent audit and assurance functions. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business.

Continue to invest in digitization and technology which will reduce cost and improve efficiency

As retail lending needs a high degree of operational excellence and automation to reduce turnaround time, we have our own proprietary system for loan processing and booking. Our loan application system has been built in-house by leveraging the expertise of the business and technology teams. We regularly update our systems and continue to streamline our credit approval, administration and monitoring processes to meet customer requirements and maintain our risk profile. We continue to focus on developing and strengthening our technological capabilities to support our growth and improve the quality of our services.

Ensure effective asset-liability management, diversify borrowing sources and strengthen our credit profile

Our Company has in place Risk Management Committee and Asset Liability Management Committee ("**ALCO**"), consisting of Directors and senior officials. They regularly meet and review the policies, systems, controls, and positions of the financing business. Since our Company is a non-deposit taking NBFC and has a varied product mix of lending portfolio resulting into maturities of loans in different time buckets, efforts are made to match the maturity of liabilities with those of the assets and minimize the asset liability mismatch. We monitor liquidity risk through our ALCO Committee with the help of fortnightly and monthly liquidity and Asset Liability mismatch reviews. This involves the categorisation of all assets and liabilities in different maturity buckets and evaluating them for any mismatches in any particular maturity bucket, especially in the short-term. The ALM Policy has capped the maximum mismatches in the various maturities in line with RBI guidelines.

We secure funding from a variety of sources to meet our capital requirements. We believe that we have been able to access cost-effective debt financing and reduced our average cost of borrowings over the years due to several factors, including our financial performance and improving credit ratings. We will continue to focus on developing a diversified funding model to achieve an optimum cost of funds while balancing liquidity and concentration risks. We believe we will continue to improve our credit ratings and thereby access a greater pool of diversified funding sources.

Our Products and Services

We operate in the following lines of business: (i) home loan; (ii) gold loan; (iii) micro finance; (iv) construction and real estate finance,(v) capital market finance, (vi) loan against property; and (vii) MSME financing.

Details of each product, originations, operations, underwriting policies and risk management are given below

Home Loans

Home loans include finance for purchase of flats, construction of houses, extension and for improvement in the flats/homes and for acquiring plots of land (which are intended to be used for construction of houses). Pricing of retail home loans is driven by the risk profile of the borrower, the product and market demand for the product. Loan applications are sourced through direct sourcing and other alternate channels. These loans are mortgage backed secured loans. Home loans are secured by equitable mortgage or a registered mortgage of the residential property, land, under construction residential/commercial properties and fully constructed properties, as applicable.

As on December 31, 2023, our home loans accounted for 32.95% of the consolidated AUM with an average onboarding ticket size of ₹ 0.16 crore, portfolio yield of 11.05% and tenor ranging up to 25 years.

As of March 31, 2023, our home loans accounted for 33.73% of our AUM on a consolidated basis with an average onboarding ticket size of ₹ 0.14 crores, portfolio yield of 10.92% and tenor ranging up to 20 years.

Gold loans

We offer loan against gold to small businessmen, vendors, traders, farmers and salaried people for their personal needs as well as for working capital needs, at competitive rates and a fast turnaround time. We provide a range of schemes for our customers' diverse requirements along with multiple disbursal modes and repayment options for convenience of transacting.

As of December 31, 2023, our gold loans accounted for 31.88% of our AUM on a consolidated basis with an average onboarding ticket size of ₹ 0.74 lakhs, portfolio yield of 19.00%, a loan to value ratio of 68.88% and tenor ranging up to 2 years.

As at March 31, 2023, gold loans accounted for 32.08% of the consolidated AUM with an average onboarding ticket size of ₹ 0.64 lakhs portfolio yield of 17.55%, a loan to value ratio of 68.21% and tenor up to 2 years. For further details, refer to the section "*Risk Factors – We cannot sanction or disburse gold loans or assign/ securitise/ sell any of our existing gold loans pursuant to recent RBI order dated March 4, 2024, till conclusion of a special RBI audit*" on page 17.

Micro finance

In the microfinance segment, we offer credit support to women who have either limited or no access to formal banking channels. We provide financial services to the economically weaker sections of society with an aim to bring microfinance services to the doorstep of the rural and semi-urban BoP (Bottom of Pyramid) families in India. Loans are offered under various categories such as income generation, education, emergency etc. We follow the Grameen Model (also regarded as "JLG" or Joint Liability Group). Through the model, loan is disbursed to each individual in the group, and the group guarantees for each other's loans.

As of December 31, 2023, the segment accounted for 15.61% of our AUM on a consolidated basis with an average onboarding ticket size of ₹ 0.43 lakhs, portfolio yield of 24.55% and tenor upto 2 years.

As of March 31, 2023, the segment accounted for 15.14% of our AUM on a consolidated basis with an average onboarding ticket size of ₹ 0.31 lakhs, portfolio yield of 23.84% and tenor upto 2 years.

Construction and Real Estate finance

Construction and Real Estate finance includes loans to developers for construction and development of predominantly affordable residential projects and a small proportion of mixed-use projects. In line with our broader retail strategy, the construction finance vertical is an enabler for providing retail loans under the approved project route, our Company has tie-ups with developers for funding the property buyers under the retail home loan category.

As at December 31, 2023, our construction and real estate finance accounted for 3.73% of the consolidated AUM with an average onboarding ticket size of ₹ 3.96 crore, portfolio yield of 15.18% and tenor upto 5 years or till completion of project sales or to a maximum of 6 months after the legal completion date, whichever is earlier.

As at March 31, 2023, our construction and real estate finance accounted for 4.17% of the consolidated AUM with an average onboarding ticket size of ₹ 15.52 crore, portfolio yield of 15.25% and tenor upto 5years or till completion of project sales or to a maximum of 6 months after the legal completion date, whichever is earlier. During the Fiscal 2022 a significant part of the CRE asset portfolio was sold to an AIF.

Capital Market finance

Our capital market finance products are short term loans secured by pledge of listed equity shares, vested ESOPs, equity and debt mutual fund units, structured notes, bonds, debentures and collateral as approved by the credit policy ("**Approved Securities**"). In case of IPO financing, margins are dependent on over subscription of the issue.

As at December 31, 2023, our capital market finance accounted for 0.63% of our AUM on a consolidated basis with an average onboarding ticket size of ₹ 0.19 crore, portfolio yield of 12.27% and tenor upto 1 years. Capital market finance includes loan against shares, mutual fund units, debentures etc., margin funding, IPO financing and ESOP financing.

As at March 31, 2023, our capital market finance accounted for 0.68% of our AUM on a consolidated basis with an average onboarding ticket size of ₹ 1.65 crore, portfolio yield of 12.50% and tenor upto 2 years. Capital market finance includes loan against shares, mutual fund units, debentures etc., margin funding, IPO financing and ESOP financing.

Loan against property

Loan against property (LAP) is availed for working capital requirements, business use, acquisition of new commercial property. These loans are mortgage backed secured loans. Pricing of the product is driven by risk profile of borrower and the type of property being funded along with current prevailing property market rates.

As of December 31, 2023, our loan against property segment accounted for 10.15% of our AUM on a consolidated basis with an average onboarding ticket size of ₹ 0.08 crores, portfolio yield of 18.72% and tenor ranging upto 12 years.

As of March 31, 2023, our loan against property segment accounted for 10.32% of our AUM on a consolidated basis with an average onboarding ticket size of ₹ 0.05 crores, portfolio yield of 17.93% and tenor ranging upto 12 years.

MSME Loans

In the micro, small and medium and enterprise financing segment (MSME), we provide working capital finance to small business owners. We provide small ticket loans, thereby being able to meet the needs of small scale businesses including standalone shops etc. This product helps facilitate customers having little or no access to banking channels, for loans, capital essential to keep their business running, and provides support to the plethora of micro and small-scale enterprises that are crucial to India's economy. We use a combination of online direct sourcing channels, direct sales force, digital partners and direct selling agents for our sourcing. The pricing is driven by the risk profile of the borrower, the product and the market demand.

As of December 31, 2023, our MSME financing segment accounted for 5.04% of our AUM on a consolidated basis with an average onboarding ticket size of ₹ 0.92 lakhs, portfolio yield of 21.82% and tenor ranging up to 5 years.

As of March 31, 2023, our MSME financing segment accounted for 3.89% of our AUM on a consolidated basis with an average onboarding ticket size of ₹0.32 lakhs, portfolio yield of 23.30% and tenor ranging up to 5 years.

Details of securitization transactions undertaken by our Company during the nine month period ended December 31, 2023 and nine month period ended December 31, 2022 and during the Fiscal 2023 and Fiscal 2022

(in ₹ crore)

Sr. No.	Particulars	December 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022
1.	No. of Accounts /Pool	25,226	-	-	2,99,960
2.	Total book value of loan assets	308.33	-	-	1,682.00
3.	Sale Consideration Received	308.33	-	-	1,682.00

Details of Assignment transactions undertaken by our Company during the nine month period ended December 31, 2023 and nine month period ended December 31, 2022 and during the Fiscal 2023 and Fiscal 2022

(in ₹ crore)

Sr. No.	Particulars	December 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022
1.	No. of Accounts /Pool	8,35,131	7,86,715	11,10,696	11,87,478
2.	Total book value of loan assets	8,070.75	7,115.66	10,063.15	8,706.63
3.	Sale Consideration Received	8,070.75	7,115.66	10,063.15	8,706.63

Capital Optimized Value Innovation Driven strategy

Our business strategy is centered around a capital optimized value innovation driven strategy. Banks have a strong capital base and risk appetite whereas we have access to customers and advanced niche underwriting skills. Working together will turn into a win-win approach wherein banks profitably expand their retail and priority loan assets and we are able to leverage our capital resources more effectively. We have entered into Co-lending agreements with various banks for gold loans, home loan and secured MSME loan. Assets transferred to banks through co-lending constitute 15% of AUM and 39% of off-book loan assets as on 31st December, 2023.

Our Company has partnered with several fintech players to collaborate and build innovative strategies to digitally source and underwrite. Our Company has also formed a joint venture with SME-focused neo-banking platform to establish a neobank that would cater to micro and small businesses' banking and credit needs and retail customers including lending, investment, and wealth management services.

We are uniquely placed to source, service & collect due to our vast branch network strong online presence and proprietary technology and large base of existing customers coupled with a culture of innovation.

Branch Network

As on December 31, 2023, our Company had 4,681 branches across India.

Our Subsidiaries

Set out below are the details of the subsidiaries of our Company.

i. IIFL Home Finance Limited

IIFL Home Finance Limited ("**IIHFL**") is a subsidiary of the IIFL Finance Limited. IIHFL is registered with the National Housing Bank ("**NHB**") vide fresh registration no. 09.0175.18 dated September 14, 2018. As on December 31, 2023, IIFL Finance Limited holds 79.59% of the paid up share capital of IIHFL. IIHFL holds Certificate of Registration (not valid for acceptance of public deposits) from the NHB dated September 14, 2018 to carry on the business of a housing finance institution.

IIHFL caters to a vast segment of retail and corporate customers through its loan offering – this includes both home loans and loans against property and construction finance. IIHFL has a significant competitive advantage of the parent Company, which pursuant to its Master Intercompany Services and Resource Sharing Agreement provides managerial, financial and operational support. IIHFL has access to the pan India branch and distribution network of our Company, and it leverages the same.

IIHFL uses its own proprietary loan software for loan originations and repayment management. The system offers greater control and flexibility as changes regarding the loan offering, policy parameters etc. can be implemented on real time basis.

(in ₹ crore)

AUM	Nine month period ended December 31, 2023	March 31, 2023
Home Loan	25,518.59	21,800.37
Loan against Property	6,654.63	5,904.59
Construction Finance	764.02	806.98
Total	**32,937.23**	**28,511.94**

Key financial numbers of IIHFL for nine months ended December 31, 2023, and Fiscal 2023

(in ₹ crore)

Particulars	Nine month period ended December 31, 2023	March 31, 2023
Total Income	2,408.77	2,731.16
Total Comprehensive Income	740.83	802.00

ii. IIFL Samasta Finance Limited

IIFL Samasta Finance Limited is a subsidiary of our Company and is registered with the Reserve Bank of India. As on December 31, 2023, our Company holds 99.56% of the paid up share capital of IIFL Samasta Finance Limited. IIFL Samasta Finance Limited holds Certificate of Registration (not valid for acceptance of public deposits) from the RBI dated May 17, 2011 to carry on the business of microfinance.

(in ₹ crore)

AUM	Nine month period ended December 31, 2023	March 31, 2023
Microfinance loan	12,089.88	9,785.63
Loan against Property	986.76	766.61
Total	**13,076.64**	**10,552.24**

Key financial numbers of IIFL Samasta Finance Limited for the nine month period ended December 31, 2023 and Fiscal 2023

(in ₹ crore)

Particulars	Nine month period ended December 31, 2023	March 31, 2023
Total Income	2,015.74	1,753.51
Total Comprehensive Income	381.39	127.87

iii. IIHFL Sales Limited

IIHFL Sales Limited is a wholly owned subsidiary of IIFL Home Finance Limited and, as on December 31, 2023 our Company holds 79.59% in IIFL Home Finance Limited. IIHFL Sales Limited was incorporated on September 28, 2021. IIHFL Sales Limited's primary activity involves sourcing of loans for IIFL Home Finance Limited, for which it receives commission.

iv. IIFL Open Fintech Private Limited

IIFL Open Fintech Private Limited was incorporated under the provisions of the Companies Act, 2013 bearing CIN U72900MH2022PTC382767 on May 17, 2022 issued by the Registrar of Companies, Maharashtra, Mumbai and as on December 31, 2023 our Company holds 51.02% in IIFL Open Fintech Private Limited. IIFL Open Fintech Private Limited is primarily engaged in offering neo-banking services to consumers and micro enterprises and retail customers including lending, investment, and wealth management services to certain target groups.

Provisioning norms

Our Company recognizes loss allowances using expected credit loss ("**ECL**") model. Primarily, ECL accounts for credit losses in future based on observed portfolio behaviour. ECL Credit losses can be considered as difference observed between contractual future cash inflows and expected cash inflows and has following important parameters:

Exposure at default – Estimate of contractual cash inflows in future as on reporting date

Probability of default – Indicator of likelihood of default of financial instrument for a time period

Loss given default – Indicator of normalised loss incurred post default of financial instrument

Stage 1 includes financial instruments that have low credit risk as on the reporting date. For such assets, 12-month expected credit losses are computed on the exposure and interest revenue is accounted on gross asset value (without considering expecting credit losses). ECL is computed based on expected default events within 12 months since reporting date. It is a measure of likelihood of low credit risk portfolio transitioning to high credit risk (and losses post its transition) in next 12 months ("**Stage 1**").

Stage 2 includes financial instruments that have higher credit risk than Stage 1 but with no objective impairment evidence. For such assets, lifetime expected credit losses are computed on the exposure yet interest revenue is accounted on gross asset value (without considering expecting credit losses). ECL is computed based on expected default events over the balanced loan tenure ("**Stage 2**").

Stage 3 includes financial assets that have high credit risk and are considered default as per regulatory norms at the reporting date. For these assets, losses are computed based on empirical data and interest revenue is not accrued ("**Stage 3**").

Further, additional provisions are provided for certain weak accounts.

Sales and Marketing

Marketing activities for our Company are managed by our marketing and corporate communications department. Through in-house teams, external creative agencies and execution partners, the marketing department conducts various activities ranging from brand awareness, product awareness, creative development, lead generation activities and enhancing customer experience, with a focus on aligning product communication to create an economic, social and environmental impact and an overall aim to make our brand 'IIFL' the brand of choice for its customers. The above activities are implemented through various modes such as broadcast media (TV, print, radio), digital assets (website, social media platforms), digital advertising, out-of-home media and on-ground activities.

Risk and Asset-Liability Management

Risk management is a key element of our business strategy and is integrated seamlessly across all of its business operations. The objective of our Company's risk management process is to manage the risk-return equation and ensure meticulous compliance to all extant laws, rules, and regulations applicable for its business. We take a holistic view of risk management and undertakes an enterprise-wide risk management approach under the Enterprise Risk Management ("**ERM**") framework.

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through the Audit Committee, the Asset Liability Committee and the Risk Management Committee and to play an integral role in the promotion of risk management. We adopt a 'three lines-of-defence' risk governance model wherein management control at the business entity level is the first line of defence in risk management. The first line of defence role lies with the management while second and third lines of defence are the Risk management, Compliance & other control functions, and Audit function respectively. Finally, the third line comprises the internal audit/assurance function. In order to maintain financial soundness of the company, it seeks to promote a strong risk culture throughout the organization. All major risk classes viz credit risk, market risk, operational risk, fraud risk, liquidity risk, business risk and reputational risk are managed via well-defined risk management processes.

Internal Controls

Our Company has an Internal Control System which is commensurate with the size, scale and complexity of its operation. The Internal Audit team monitors and evaluates the efficacy and adequacy of Internal Control systems in our Company, its compliance with operating systems and accounting procedures. Based on the report of the Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations, if any and corrective actions and implementation thereof are presented to the Audit Committee of the Board. Status of resolution tracking as well as pending issues is reported to senior management and audit committee of the Board on a regular basis as an 'Action Taken Report'.

Human Resources

Our human resource management systems and processes are future ready and go hand-in-hand with the demands of the business and environment. We have got a scalable talent acquisition system which seamlessly interacts with business and stakeholders to hire and onboard talent. Training and development which is central to our people development theme has the right mix of classroom, online, MDP trainings and certification courses.

We have been taking employee feedback through our annual pulse survey, which enables us to constantly recalibrate our policies and initiatives and improve on areas, based on the feedback. As of December 31, 2023, our Company and our Subsidiaries have a combined workforce of 39,267 employees.

Corporate Social Responsibility

On the social front, IIFL Foundation (the CSR arm of the IIFL group) has undertaken many initiatives for community welfare, with a special focus on five for development i.e. health, education & environment, livelihood and poverty alleviation. While designing the CSR programmes, a major emphasis has been given to grant opportunities and building the skills of women through our initiatives, especially those from marginalised and vulnerable communities. The programmes contribute to the sustainable development goals by working to promote gender equality, reduced inequalities, no poverty, quality education and good health and wellbeing.

IIFL Foundation's Sakhiyon ki Baadi programme, is an initiative that addresses the issue of female education, to introduce young girls especially from tribal belts, into formal education. The programme aims to eliminate female illiteracy in the indigenous tribal and other vulnerable areas with disproportionate male-female literacy and education ratios, thereby trying to address gender disparities by achieving literacy and numeracy skills for both men and women. The programme is spread across Rajasthan and aligns with the government of Rajasthan's two marquee program focused on reducing gender disparity providing girl child with access to educational opportunities. The foundation has also supported digitization in learning at some government schools, at Rajasthan, by developing smart classrooms.

IIFL Foundation also collaborates with NGOs to hold and support medical camps. The foundation has supported the Pandharpur Medical Camp by providing medical supplies, in-patient services and food distribution. It has also provided support for conducting eye and dental check ups camps at Barsana. As part of IIFL Foundation's initiative on skill development it initiated a course on 'Hospitality Training Program and Chef Trade' for youths at Kupwara, a district in Kashmir.

The IIFL Foundation also supports the 'Chhoti Badi Baatein' programme which focuses on improving learning and mental well being for children. The objective of the programme is to support children to develop appropriate social and interpersonal skills, develop a sense of responsibility, recognise and manage their emotions and foster the development of cognitive, language, communication and mathematic skills among others.

Competition

Our Company offers a diversified range of products including home, gold, business and micro finance loans, loans against property and loans against securities. These are provided to a broad segment of customers including salaried and self-employed personnel and corporates. We face competition primarily from other NBFCs. The major competitive factors among the peer group are an extensive branch network, greater funding capabilities, wider range of products and services, and advanced technology offerings.

Insurance

Our Company has insured its various properties and facilities against the risk of fire, burglary, breakdown of electrical or mechanical office equipment, risk of financial loss due to fraud and other perils including public liability which covers the legal liability arising out of third-party bodily injury or third-party property damage in company premises. Our Company has obtained money policy to cover "money in safe and till counter and money in transit" for the branches and various offices.

Our Company also has in place a group insurance policy for its employees and their dependent family members, group term life and group accident and health insurance policies, which provide uniform benefits to all the employees.

Further, our Company has a Directors and Officers Liability Policy which provides cover for the personal liability of directors and officers arising due to wrongful acts in their managerial capacity.

For a discussion of certain risks relating to our insurance coverage, please see the section "*Risk Factors – Insurance of relevant assets obtained by our borrowers may not be adequate to protect them against all potential losses, which could indirectly affect our ability to recover our loans to such borrowers. Further, our insurance coverage may not adequately protect us against losses.*" on page 23 of this Letter of Offer.

Property

Our Registered office is located at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604, Maharashtra, this office is leased by our Company. Our Corporate office is located at 802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400 069, Maharashtra, this office is leased by our Company. We have entered into lease / leave and license agreements for terms ranging from one to ten years for all of our branches.

Our Company owns the following property as on the date of this Letter of Offer:

- Shop No. G 22B, Revenue Survey No. 1001/1, Paiki Town Planning Scheme No.4, Final Plot No. 110, Paiki, City Survey No. 7396, Municipal Survey No. 1/12/94, Unjha, Mehsana.

Intellectual Property

Our Company has entered into a trademark license agreement with IIFL Securities Limited dated March 19, 2019. Pursuant to which, IIFL Securities Limited has granted our Company with a non-exclusive right and title and interest in the trademark, service mark and logos pertaining to "IIFL". The term for which the license is granted is in perpetuity, subject to the terms and conditions contained in the trademark license agreement. Further, our Company has applied for registration of the logo 'My Money' in class 36 on January 12, 2024. The Trade Marks Registry has examined the captioned trade mark application and has raised objections inter alia under the provisions of Sections 9 and 11 of the Trade Marks Act, 1999. Once the examination report is served, our Company will file a response against the objections raised.

Information Technology

Information Technology in our Company is the core element which drives business growth and forms the backbone of our organization. Information technology is used as a strategic tool which comprises industry standard business applications and robust IT infrastructure setup which are used to manage business operations which improves our overall productivity and efficiency and provide seamless and world class experience to our customers. We believe that through our information systems and adequate controls we are able to manage our nationwide operations efficiently, market effectively to our target customers, and effectively monitor and control risks. Business applications including loan operating system are designed, developed and implemented to meet our business and regulatory requirements round the clock and is being used in all our branches across India to manage business operations, improve customer services and efficiency from time to time. IT and Information security and processes are aligned with RBI Master Directions, ISO 27001 and Industry best practices and industry standard security solutions are implemented to control security and Cyber Risks.

Treasury Operations

Our treasury operations are mainly focused on meeting our funding requirements and managing short term surpluses. Our funding requirements are currently predominantly sourced through term loans, issuance of debentures, commercial paper and securitisation of receivables. We believe that through our treasury operations we are able to maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates. Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI requirements of asset liability management. The objective is to ensure smooth functioning of all our operations and at the same time avoid the holding of excessive cash. Our treasury maintains a balance between interest earning liquid assets and cash to optimize earnings. We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities we also invest our temporary surplus funds in fixed deposits with banks, liquid debt-based mutual funds and government securities. Our investments are made in accordance with the investment policy approved by the Board.

Awards and Accolades

Set out below are some of the awards and accolades that we have received:

- IIFL Finance recognised as 'Iconic Brand' by The Economic Times in 2023
- IIFL Finance received 'Best NBFC of the Year' award at NBFC Leadership Awards 2023
- IIFL Finance received 'Best Customer Experience Strategy' award at NBFC Leadership Awards 2023
- IIFL Finance received 'Best Sustainability Initiative' award at World Brand Congress Awards in 2023
- IIFL Finance received 'Best Lending Tech' award at World Brand Congress Awards in 2023
- IIFL Finance received 'Most Innovative Fintech Product' award for Business Loans at National Fintech Leadership Award
- IIFL Finance received 'Marketing Campaign of the Year' for 'Sapna Aapka Loan Humaara Campaign' at Global Brand Excellence Awards in 2023
- IIFL Finance was certified as 'Great Place to Work' by Great Place to Work, India in 2019, 2020, 2021, 2022, 2023 and 2024.

OUR MANAGEMENT

Board of Directors

The composition of the Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI LODR Regulations and the Articles of Association. In accordance with the Articles of Association, unless otherwise determined by our Company in General Meeting, our Company shall not have less than 3 Directors and not more than 15 Directors.

Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each AGM. A retiring Director is eligible for re-election. Further, pursuant to the Companies Act, 2013, the Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to being eligible for re-appointment. Any re-appointment of Independent Directors shall be on the basis of, *inter alia*, the performance evaluation report and approval by the shareholders of our Company, by way of a special resolution.

The following table provides details regarding the Board of Directors of our Company as of the date of filing this Letter of Offer:

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Details of other directorship
Arun Kumar Purwar ***Address:*** Flat no. 2303/4, C Tower, Ashok Tower, Dr. S.S. Rao Road, Opp. ITC Hotel, Parel, Mumbai – 400 012 ***Designation:*** Chairperson & Additional Non-Executive Director ***Occupation***: Professional ***Term of Appointment***: To hold office up to the date of next general meeting of our Company or three months from the date of appointment w.e.f. April 01, 2024, whichever is earlier* ***Period of Directorship***: Since March 10, 2008 ***DIN***: 00026383 ***Date of Birth***: May 14, 1946	77	1. Alkem Laboratories Limited 2. Balaji Telefilms Limited 3. Eroute Technologies Private Limited 4. Energy Infratech Private Limited 5. Mizuho Securities India Private Limited 6. Jindal Panther Cement Private Limited 7. Alkem Medtech Private Limited
Nirmal Bhanwarlal Jain **Address**: 601, Shree Shyam Sadan, Plot 58, Hatkesh CHS. NS Road No 7, JVPD, Juhu Vileparle, Mumbai – 400056 ***Designation:*** Managing Director ***Occupation***: Business ***Term of Appointment***: Five years w.e.f. April 01, 2022 ***Period of Directorship:*** Since October 18, 1995 ***DIN***: 00010535 ***Date of Birth***: December 11, 1966	57	1. 360 One WAM Limited *(formerly known as IIFL Wealth Management Limited)* 2. IIFL Home Finance Limited 3. MNJ Consultants Private Limited 4. Pratham Education Foundation
R Venkataraman ***Address***: Flat no-2001/2002, ERA III, Marathon Next Gen, G.K. Marg, Lower Parel, Mumbai – 400 013 ***Designation***: Joint Managing Director ***Occupation***: Business ***Term of Appointment***: w.e.f. April 01, 2022 up to April 22, 2025	56	1. 360 One WAM Limited *(formerly known as IIFL Wealth Management Limited)* 2. IIFL Home Finance Limited 3. IIFL Securities Limited 4. Orpheus Trading Private Limited 5. IIFL Samasta Finance Limited

Period of Directorship: Since July 5, 1999 ***DIN***: 00011919 ***Date of Birth***: July 27, 1967		
Geeta Mathur ***Address***: B-1/8, Vasant Vihar, New Delhi – 110 057 ***Designation***: Independent Director ***Occupation***: Professional ***Term of Appointment:*** Five Years w.e.f. September 18, 2019 ***Period of Directorship:*** Since September 18, 2014 ***DIN***: 02139552 ***Date of Birth:*** November 21, 1966	57	1. 360 One WAM Limited *(formerly known as IIFL Wealth Management Limited)* 2. Sentiss Pharma Private Limited 3. Ummeed Housing Finance Private Limited 4. IPE Global Centre for Knowledge And Development 5. Info Edge (India) Limited 6. Onmobile Global Limited 7. Canara HSBC Life Insurance Company Limited. 8. Healthcare Global Enterprises Limited 9. Hero Housing Finance Limited 10. 360 One Asset Management Limited *(formerly known as IIFL Asset Management Limited)* 11. Novopor Advanced Science Private Limited
Vijay Kumar Chopra ***Address:*** B-3102, 31st Floor, Indiabulls BLU, Ganpatrao Kadam Marg, Worli Naka, Mumbai – 400 013 ***Designation***: Independent Director ***Occupation***: Professional ***Term of Appointment***: Five years w.e.f. May 21, 2019 ***Period of Directorship:*** Since May 21, 2019 ***DIN***: 02103940 ***Date of Birth:*** March 06, 1946	78	1. Milestone Capital Advisors Private Limited 2. Nippon Life India Trustee Limited 3. Pegasus Assets Reconstruction Private Limited
Chandran Ratnaswami ***Address:*** 6 Montressor Drive, North York, Ontario M2P 1Z1 ***Designation***: Non-Executive Director ***Occupation***: Professional ***Term of Appointment***: Retirement by rotation ***Period of Directorship:*** Since May 15, 2012 ***DIN***: 00109215 ***Date of Birth:*** May 11, 1949	74	1. Thomas Cook (India) Limited 2. Quess Corp Limited 3. Chemplast Sanmar Limited 4. Bangalore International Airport Limited 5. Sanmar Engineering Services Limited 6. Go Digit General Insurance Limited 7. Fairbridge Capital Private Limited 8. National Commodities Management Services Limited 9. Go Digit Infoworks Services Private Limited 10. Zoomer Media Limited, Canada 11. Thai Reinsurance Public Company Limited 12. ORE Holdings Limited 13. HWIC Asia Fund, Mauritius 14. FAL Corporation 15. Fairfax India Holdings Corporation 16. Fairbridge Capital (Mauritius) Limited 17. FIH Mauritius Investments Ltd 18. FIH Private Investments Ltd 19. Fairfirst Insurance Limited 20. Primary Real Estate Investment 21. H Investments Limited 22. I Investments Limited 23. HW Private Investments Limited

		24. Fairbridge Investments (Mauritius) Limited 25. Fairfax Consulting Services India Limited 26. 11470370 Canada Inc. 27. 10955230 Canada Inc 28. Chanvima Limited
Ramakrishnan Subramanian ***Address:*** 110 Tanjong Rhu Road, #01-01 Camelot, Singapore – 436928 ***Designation***: Independent Director ***Occupation***: Professional ***Term of Appointment***: Five Years w.e.f. September 06, 2021 ***Period of Directorship:*** Since September 6, 2021 ***DIN***: 02192747 ***Date of Birth:*** May 28, 1968	55	1. NeoGrowth Credit Private Limited 2. IIFL Open Fintech Private Limited 3. Fincrest Management Advisors Pte Ltd. 4. IIFL Home Finance Limited
Nihar Niranjan Jambusaria ***Address:*** A-132, Shantivan, Eksar Village, Devidas Lane, Borivali West, Mumbai, Maharashtra – 400103 ***Designation:*** Additional (Independent) Director ***Occupation:*** Professional ***Term of Appointment:*** To hold office up to the date of next general meeting of our Company or three months from the date of appointment, whichever is earlier* ***Period of Directorship:*** Since March 13, 2024 ***DIN:*** 01808733 ***Date of Birth:*** January 25, 1959	65	1. Cysdat India Private Limited 2. Turning Point Career Advisory Services Private Limited 3. Mudransh Consultants Private Limited 4. Blossom Industries Limited
Bijou Kurien ***Address:*** No. 33/2, Vittal Mallya Road, Bangalore – 560 001 ***Designation***: Additional (Independent) Director ***Occupation***: Professional ***Term of Appointment***: To hold office up to the date of next general meeting of our Company or three months from the date of appointment, whichever is earlier* ***Period of Directorship:*** Since March 13, 2024 ***DIN***: 01802995 ***Date of Birth:*** January 17, 1959	65	1. Renaissance Global Limited 2. LTIMindtree Limited 3. Stella Treads Private Limited 4. Orange County Resorts & Hotels Limited 5. Sach Advisors Private Limited 6. Rapawalk Fashion Technologies Private Limited 7. Ziqitza Health Care Limited 8. Retailers Association Of India 9. Lighthouse Learning Private Limited 10. Brigade Enterprises Limited 11. Oceanic Rubber Works Private Limited 12. Timex Group India Limited 13. Suguna Foods Private Limited
Tritala Subramanian Ramakrishnan ***Address:*** Flat No. 3D, Block A, Jains Balaji Nilayam Casa Waterside, Safilguda X Road, Malkajgiri, Hyderabad – 500047 ***Designation***: Non-Executive Nominee Director ***Occupation***: Professional	60	Nil

Term of Appointment: Retire by Rotation ***Period of Directorship:*** Since October 26, 2023 ***DIN***: 09515616 ***Date of Birth:*** December 12, 1963		

**Subject to approval from the Shareholders*

Confirmations

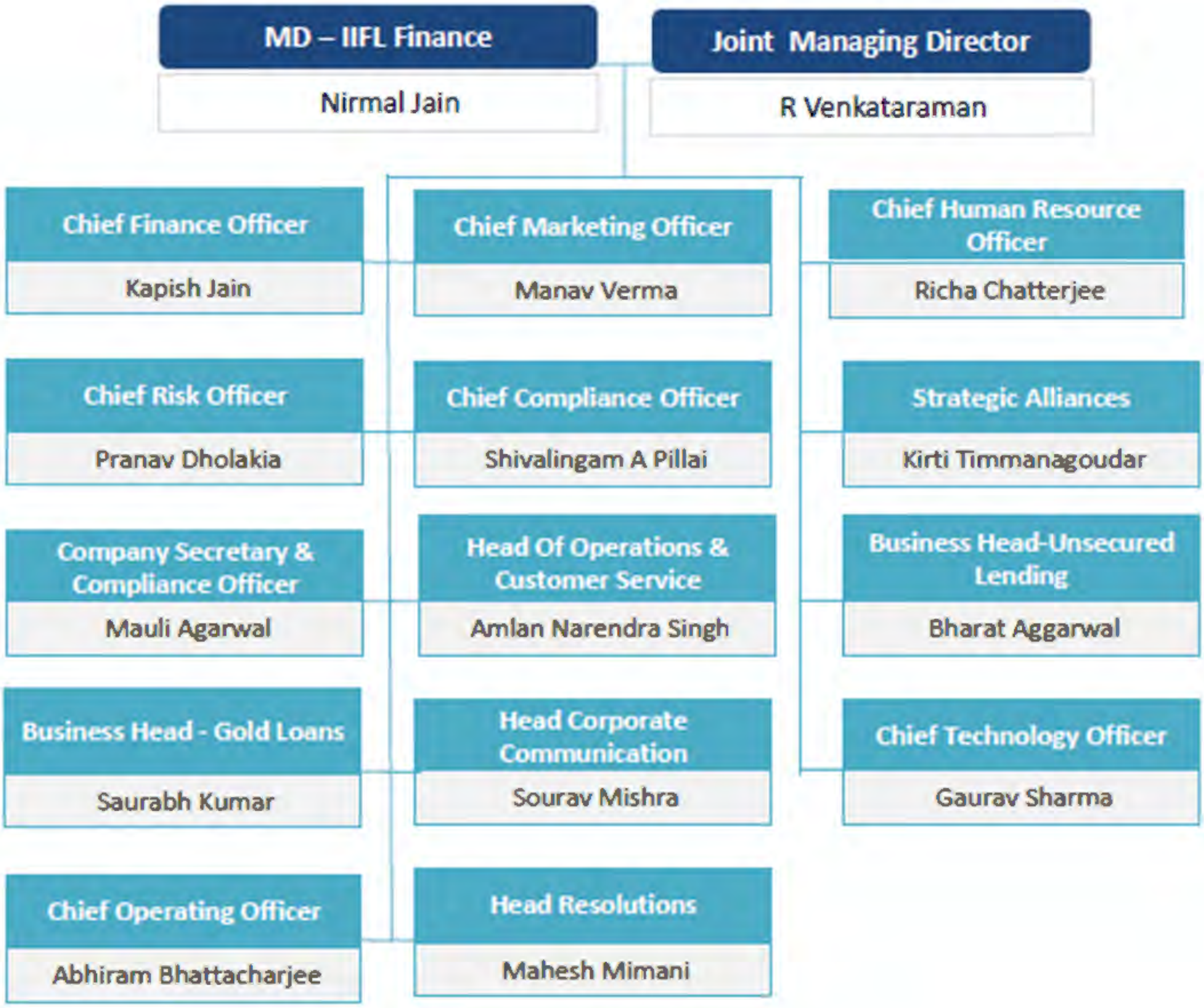
None of our Directors are or were a director of any listed company during the five years preceding the date of filing of this Letter of Offer, whose equity shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer.

Details of Key Managerial Personnel and senior managerial personnel

S. No.	Name of Key Managerial Personnel / Senior Management Personnel	Designation
Key Managerial Personnel		
1.	Nirmal Jain	Managing Director
2.	R Venkataraman	Joint Managing Director
3.	Kapish Jain	Chief Financial Officer
4.	Mauli Agarwal	Company Secretary and Compliance Officer
Senior Management Personnel		
1.	Pranav Dholakia	Chief Risk Officer
2.	Abhiram Bhattacharjee	Chief Operating Officer
3.	Shivalingam A. Pillai	Chief Compliance Officer
4.	Gaurav Sharma	Chief Technology Officer
5.	Manav Verma	Chief Marketing Officer
6.	Richa Chatterjee	Chief Human Resources Officer
7.	Kirti Timmanagoudar	Vice President – Strategic Alliances
8.	Saurabh Kumar	Business Head – Gold Loans
9.	Bharat Aggarwal	Business Head – Unsecured Lending
10.	Amlan Narendra Singh	Head of Operations & Customer Service
11.	Mahesh Mimani	Head Resolutions
12.	Sourav Mishra	Head Corporate Communication

MANAGEMENT ORGANISATIONAL STRUCTURE



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. No.	Particulars	Page numbers
1.	Unaudited Consolidated Financial Results for nine months ended December 31, 2023	80
2.	Audited Consolidated Financial Statements as at and for the year ended March 31, 2023	87

Chhajed & Doshi Chartered Accountants 101, Hubtown Solaris, N S Phadke Marg, Near east west flyover, Opp Telly Gali Junction, Andheri (East) Mumbai – 400 069.	Sharp & Tannan Associates Chartered Accountants 87, Nariman Bhavan, 227, Nariman Point, Mumbai – 400 021.

Independent Auditor's Review Report on Consolidated Unaudited Quarterly and Nine Months ended Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF
IIFL Finance Limited

Introduction

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of IIFL Finance Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter and nine months ended December 31, 2023 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

Scope of the Review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The statement includes the results of the following entities:

Sr No	Name of the Entities	Relationship
1	IIFL Home Finance Limited	Subsidiary
2	IIHFL Sales Limited	Stepdown-Subsidiary

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Sharp & Tannan Associates ICAI Regn. No. 109983W Chartered Accountants

Sr No	Name of the Entities	Relationship
3	IIFL Samasta Finance Limited (Formerly, Samasta Microfinance Limited)	Subsidiary
4	IIFL Open Fintech Private Limited (w.e.f. 17-05-2022)	Subsidiary

Conclusion

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Other Matter

6. We did not review the consolidated unaudited interim financial results of 1 subsidiary and standalone unaudited interim financial results of 2 subsidiary companies included in the consolidated unaudited financial results, whose unaudited interim financial results reflects, total revenues of Rs. 1,492.64 crore and Rs. 4,250.04 crore, total net profit after tax of Rs. 413.54 crore and Rs. 1,123.83 crore and total comprehensive income of Rs. 415.34 and Rs. 1,118.91 crore for the quarter and nine months ended December 31, 2023 respectively, as considered in consolidated unaudited interim financial results of the Group. These interim financial results have been reviewed by other auditors, whose review reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based on the review reports of the other auditors and the procedure performed by us as stated in paragraph 3 above.

   Our conclusion on the Statement is not modified in respect of the above matter.

7. The numbers and details pertaining to period(s) i.e. quarter and nine months ended December 31, 2022, have been traced from the review reports of one of the joint auditor and one of the predecessor auditor wherein an unmodified conclusion was issued vide their review reports dated January 30, 2023, in terms of Regulation 33 and 52 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Similarly, the numbers and details pertaining to year ended as at March 31, 2023 and

CHHAJED & DOSHI MUMBAI 400 069 CHARTERED ACCOUNTANTS

Sharp & Tannan Associates ICAI Regn. No. 109983W Chartered Accountants notes related thereto in the statement have been traced from the Financial Statements of the Company audited by the one of the joint auditor and one of the predecessor auditor vide their unmodified audit report dated April 26, 2023.

Our report is not modified in respect of this matter.

Signed by the Joint Statutory Auditors of the Company

For Chhajed & Doshi
Chartered Accountants
ICAI Firm Reg. No. 101794W
By the hand of

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

M. P. Chhajed
Partner
Membership No. 049357
Place: Mumbai
Date: January 17, 2024
UDIN: 24049357BKCFEE6665

For Sharp & Tannan Associates
Chartered Accountants
ICAI Firm Reg. No. 0109983W
By the hand of

Sharp & Tannan Associates ICAI Regn. No. 109983W Chartered Accountants

Parthiv S. Desai
Partner
Membership No. 042624
Place: Mumbai
Date: January 17, 2024
UDIN: 24042624BKFRRC4299

IIFL Finance Limited

CIN: L67100MH1995PLC093797

Regd. Office - IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Estate, Wagle Estate, Thane - 400604

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2023

(₹ in Crore)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31, 2023
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**						
	Revenue from operations						
(i)	Interest income	2,562.98	2,357.61	1,898.03	7,118.96	5,315.96	7,355.55
(ii)	Dividend income[1]	0.00	0.00	0.00	0.04	0.00	0.00
(iii)	Rental Income	-	-	-	-	-	-
(iii)	Fees and commission income	84.50	104.14	56.30	273.52	136.03	228.52
(iv)	Net gain on fair value changes	-	4.01	16.63	19.53	118.95	160.97
(v)	Net gain on derecognition of financial instruments under amortised cost category	-	11.72	149.90	-	507.00	513.81
(viii)	Net gain/(loss) on derecognition of Equity shares under Cost category						
(I)	**Total Revenue from operations**	**2,647.48**	**2,477.48**	**2,120.86**	**7,412.05**	**6,077.94**	**8,258.85**
(II)	**Other income**	**46.88**	**58.03**	**23.61**	**175.83**	**93.16**	**188.26**
(III)	**Total Income (I+II)**	**2,694.36**	**2,535.51**	**2,144.47**	**7,587.88**	**6,171.10**	**8,447.11**
2	**Expenses**						
(i)	Finance cost	988.50	932.15	809.44	2,808.50	2,361.26	3,221.83
(ii)	Net loss on fair value changes	0.98	-	-	-	-	-
(iii)	Net loss on derecognition of financial instruments under amortised cost category	18.38	-	-	47.86	-	-
(iv)	Impairment on financial instruments	242.99	242.59	213.15	675.69	657.87	866.13
(v)	Employee benefits expenses	433.91	415.32	333.36	1,229.20	963.95	1,329.50
(vi)	Depreciation, amortisation and impairment	44.84	43.26	39.39	130.32	110.50	152.59
(vii)	Other expenses	248.44	218.68	193.98	678.09	559.02	764.54
(IV)	**Total Expenses**	**1,978.04**	**1,852.00**	**1,589.32**	**5,569.66**	**4,652.60**	**6,334.59**
(V)	**Profit before tax (III-IV)**	**716.32**	**683.51**	**555.15**	**2,018.22**	**1,518.50**	**2,112.52**
3	**Tax Expense**						
(i)	Current tax	166.23	178.82	95.11	490.47	223.92	362.70
(ii)	Deferred tax	4.90	(20.83)	38.47	(15.96)	146.22	144.68
(iii)	Current tax expense relating to prior years	-	-	(1.64)	0.12	(1.64)	(2.41)
(VI)	**Total Tax Expense**	**171.13**	**157.99**	**131.94**	**474.63**	**368.50**	**504.97**
(VII)	**Net profit after tax (V-VI)**	**545.19**	**525.52**	**423.21**	**1,543.59**	**1,150.00**	**1,607.55**
	Attributable to :						
	Owners of the Company	490.44	474.26	378.30	1,390.13	1,087.56	1,500.30
	Non-controlling interest	54.75	51.26	44.91	153.46	62.44	107.25
4	**Other Comprehensive Income/(loss)**						
	A (i) Items that will not be reclassified to profit or loss						
	(a) Remeasurement of defined benefit liability/(asset)	(0.98)	(0.59)	(1.17)	(4.01)	(1.60)	(2.69)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.25	0.14	0.29	1.01	0.40	0.68
	Subtotal (A)	**(0.73)**	**(0.45)**	**(0.88)**	**(3.00)**	**(1.20)**	**(2.01)**
	B (i) Items that will be reclassified to profit or loss						
	(a) Cash flow hedge (net)	(5.91)	13.47	4.84	(6.73)	40.09	46.45
	(b) Others	1.12	3.60	(1.64)	(3.63)	(0.80)	(0.75)
	(ii) Income tax relating to items that will be reclassified to profit or loss	1.21	(4.30)	(0.81)	2.61	(9.89)	(11.50)
	Subtotal (B)	**(3.58)**	**12.77**	**2.39**	**(7.75)**	**29.40**	**34.20**
(VIII)	**Other Comprehensive Income / (loss) (A+B)**	**(4.31)**	**12.32**	**1.51**	**(10.75)**	**28.20**	**32.19**
(IX)	**Total Comprehensive Income for the period/year (VII+VIII)**	**540.88**	**537.84**	**424.72**	**1,532.84**	**1,178.20**	**1,639.74**
	Attributable to :						
	Owners of the Company	485.70	486.83	379.61	1,380.11	1,116.34	1,534.01
	Non-controlling interest	55.18	51.01	45.11	152.73	61.86	105.73
	Paid up Equity Share Capital (Face value of ₹ 2 each)	76.26	76.23	75.99	76.26	75.99	76.09
	Other Equity						8,915.97
(X)	**Earnings Per Share (Face value of ₹ 2 each)**						
	Basic (₹)[2]	12.86	12.45	9.96	36.58	28.64	39.49
	Diluted (₹)[2]	12.70	12.28	9.90	36.07	28.45	39.18

Notes:

1. Amounts less than ₹ 0.01 crore are shown as ₹ 0.00 crore
2. Quarter ended numbers are not annualised

In terms of report attached

For IIFL Finance Limited

R. Venkataraman

R Venkataraman
Joint Managing Director
DIN: 00011919

Date : January 17, 2024
Place : Mumbai

IIFL FINANCE LIMITED
CIN : L67100MH1995PLC093797
Regd. Office:- IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Estate, Wagle Estate, Thane – 400604

1. The above consolidated unaudited financial results for the quarter and nine months ended December 31, 2023 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on January 17, 2024. The Joint Statutory Auditors of the Company have carried out the Limited Review of the aforesaid results and have issued an unmodified conclusion and opinion.

2. These consolidated unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34 "Interim Financial reporting" ("Ind AS 34") as prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules framed there under and other accounting principles generally accepted in India and in accordance with the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

3. During the quarter ended December 31, 2023, the Company allotted 1,85,986 equity shares (previous quarter: 5,65,889) having face value of ₹ 2/- each on exercise of stock options under the Employee Stock Option Scheme(s).

4. The Group's main business is financing and investing activities. All other activities revolve around the main business. Further all activities are carried out within India. As such there are no separate reportable segments as per the Indian Accounting Standard 108 (IND AS) on Operating Segment.

5. The Board of Directors of the Company has declared an interim dividend of ₹4/- per equity share of the face value of ₹2/- each for the Financial Year 2023-24. The Company has fixed January 25, 2024 as the Record date for this purpose.

6. The secured Non-Convertible Debentures are secured by way of a first pari passu charge on receivables of the group, both present and future, book debts, loans and advances and current assets of the group, except those receivables present and/or future specifically and exclusively charged in favour of certain existing charge holders and specified immovable property such that a security cover of 100% or higher (upto 125%) as per the terms of the offer document is maintained till the time of maturity.

7. The Indian Parliament has approved the Code on Social Security, 2020, which would impact the contributions by the group towards Provident fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. The group will carry out an evaluation of the impact and record the same in the financial results in the period in which the code becomes effective and related rules are published.

8. The Reserve Bank of India, under Scale Based Regulations has categorized the Company as Middle Layer (NBFC-ML), vide its circular. The management has taken necessary steps in terms of formulating an implementation plan and ensuring compliances with norms/ changes suggested as and when they become applicable.

9. Disclosure in compliance with Regulation 52(4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is attached as **Annexure 1**

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

Sharp & Tannan Associates ICAI Regn. No. 109983W Chartered Accountants

IIFL Finance Limited

IIFL FINANCE LIMITED
CIN : L67100MH1995PLC093797
Regd. Office:- IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Estate, Wagle Estate, Thane – 400604

10. The figures for the quarter ended December 31, 2023 and quarter ended December 31, 2022 are the balancing figures between unaudited figures in respect of nine months ended December 31, 2023 and December 31, 2022 and the unaudited figures of half year ended September 30, 2023 and September 30, 2022 respectively.

11. Previous period/year figures have been regrouped/ reclassified to make them comparable with those of current period.

By order of the Board
For **IIFL Finance Limited**

In terms of report attached

R. Venkataraman

R Venkataraman
Joint Managing Director
DIN: 00011919

Date: January 17, 2024
Place: Mumbai

IIFL FINANCE LIMITED

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2023

Annexure 1

Disclosure in compliance with Regulations 52(4) of of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, for the Quarter ended December 31, 2023

Sr. no	Particulars	Ratios
1)	Debt - Equity Ratio[1]	3.65
2)	Debt Service Coverage Ratio[2]	Not Applicable
3)	Interest Service Coverage Ratio[2]	Not Applicable
4)	Outstanding Redeemable Preference Shares (Quantity)	NIL
5)	Outstanding Redeemable Preference share (₹ in Crores)	NIL
6)	Capital redemption reserve (₹ in Crores)	230.11
7)	Debenture redemption reserve (₹ in Crores)	12.80
8)	Net worth (₹ in Crores)[3]	10,164.60
9)	Net profit after tax (₹ in Crores) (Before Minority)	545.19
10)	Earning per share: (in ₹) (Not annualised)	
	a) Basic	12.86
	b) Diluted	12.70
11)	Current Ratio[2]	Not Applicable
12)	Long term debt to working capital[2]	Not Applicable
13)	Bad debts to Accounts receivable ratio[2]	Not Applicable
14)	Current Liability Ratio[2]	Not Applicable
15)	Total Debts to Total Assets Ratio[4]	0.73
16)	Debtor Turnover Ratio[2]	Not Applicable
17)	Inventory Turnover Ratio[2]	Not Applicable
18)	Operating Margin[2]	Not Applicable
19)	Net Profit Margin[5]	20.23%
20)	Sector Specific Ratio	
	a) GNPA %	1.71%
	b) NNPA %	0.87%
	c) Specific Provision Coverage Ratio[6]	49.65%

Notes:	
1)	Debt-equity ratio = Total Borrowings/Total Equity
2)	The Company is registered under the Reserve Bank of India Act, 1934 as Non-Banking Financial Company, hence these ratios are not applicable.
3)	Networth means share capital plus reserves less miscellaneous expenditure to the extent not written off.
4)	Total debts to total assets = Total Borrowings/Total Assets
5)	Net profit margin = Net profit after Tax/Total Income
6)	Specific Provision coverage = Stage 3 ECL Provision/Gross Non Performing Advances (GNPA)

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

Sharp & Tannan Associates ICAI Regn. No. 109983W Chartered Accountants

IIFL Finance Limited

V Sankar Aiyar & Co.
Chartered Accountants
2-C Court Chambers, 35, New Marine Lines,
Mumbai, Maharashtra-400020

Chhajed & Doshi
Chartered Accountants
101, Hubtown Solaris, N S Phadke Marg,
Near East West Flyover, Andheri (East)
Mumbai – 400 069

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 31st March 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 31st March, 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.

V. SANKAR AIYAR & CO. MUMBAI CHARTERED ACCOUNTANTS

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

A. **Key audit matters of the Holding Company**

Sr.no	Key Audit Matter	Response to Key Audit Matter
1	**Information technology (IT) systems used in financial reporting process.** The company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. We therefore identified IT systems and controls over financial reporting as a key audit matter for the Company.	We obtained an understanding of the Company's IT control environment relevant to the audit. 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. 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. In addition to above, we have also relied on the work of the internal auditors and system auditors.
2	**<u>Impairment of Financial Assets held at amortised cost:</u>** 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. 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. The most significant areas are: - 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 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. **(Refer Note 37A.3 to the Standalone Financial Statements.).**	We evaluated appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our understanding of the business. We assessed the design and implementation of key Internal financial controls over loan impairment process used to calculate the impairment charge. We evaluated management's controls over collation of relevant information used for determining estimates for management overlays. We tested review controls over measurement of impairment allowances and disclosures in financial statements.

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

V. SANKAR AIYAR & CO. MUMBAI CHARTERED ACCOUNTANTS

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

Sr.no	Key Audit Matter	Response to Key Audit Matter
1	**Expected Credit Loss – Impairment of carrying value of loans and advances** 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. The calculation of impairment loss or ECL is based on significant management estimates and judgements, which are as under: • 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. 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. 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	We performed audit procedures set out below: • 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.

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS

	being material to the net profit for the year, in our opinion this is considered as a Key Audit Matter.	
2	**IT Systems and controls** The Company financial accounting and reporting systems are highly dependent on the effective working of the operating and accounting system. 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. Due to extensive volumes, variety and complexity of transactions the operating system is functioning, consistently and accurately, specifically with respect to following: •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 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.	We performed audit procedures set out below: • 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	**Expected Credit Loss**	
	As at 31 March 2023, the Company has total gross loan assets of Rs. 7,998.53 crores (2022: Rs. 5,772.72 crores) against which an Expected Credit Loss ('ECL') of Rs. 257.22 crores (2022 Rs. 254.80 crores) has been accrued. The ECL approach as required under Ind AS 109, Financial instruments, involves high degree of complexity and requires significant judgement of the management. The Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset,	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: • 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

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

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	depending on the categorization of the individual asset. The key areas of judgment include: 1. Categorization of loans in Stage 1, 2 and 3 based on identification of: a) exposures with Significant Increase in Credit Risk (SICR) since their origination and b) Individually impaired / default exposures. 2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL are based on past experience. 3. The impact of different future macroeconomic conditions in the determination of ECL. 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. 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. 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. 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.	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. • 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.

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2	**Identification and Measurement of NPA:**	
	As per RBI's circular dated November 12, 2021 read with earlier circular dated October 1, 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. 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. Considering the significance, we have identified this as a key audit matter for current year audit.	Performed other substantive procedures, included but not limited to the following: • 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.

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

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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.

- 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.

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- 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 Rs. 30,850.31 crs as at March 31, 2023, Group's share of total revenue of Rs. 4,371.23 crs, Group's share of total net profit of Rs. 933.45 crs and Group's share of total comprehensive income of Rs. 944.81 crs and net cash inflows Rs. 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 have been kept so far as it appears from our examination of those books and reports of other auditors.

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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

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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 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)

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3	IIFL Samasta Finance Limited	U65191KA1995PLC057884	Subsidiary	3(iii)(c) & (d)
4	IIHFL 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^{st}, 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.

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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 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 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.

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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 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**

CONSOLIDATED FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(₹ in crores)

Sr. No	Particulars	Notes	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 (net)		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 (net)		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

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

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

Place : Mumbai
Dated: April 26, 2023

CONSOLIDATED FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in crores)

Sr. No	Particulars	Notes	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 amortised 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 amortised 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, amortisation 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**
	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
(VI)	**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

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

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

Place : Mumbai
Dated: April 26, 2023

CONSOLIDATED FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

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, amortisation 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 - realised		(82.68)		(77.20)	
Net (Gain)/ loss on fair value changes on investment - unrealised		(64.58)		0.13	
Net (Gain)/ loss on derecognition of financial instruments under amortised 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)	226.67	(3,026.17)	(26.40)
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)
Proceeds/(Purchase) of investments			(2,165.13)		(1,075.23)
Dividend received			0.00		0.00
Proceeds/(Deposits) from maturity of deposits placed with Banks			(306.30)		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
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Membership No. 046050

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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

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

A. Equity Share Capital (₹ in crores)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2023 (refer note 25)	75.92	0.17	76.09
As at March 31, 2022 (refer note 25)	75.77	0.15	75.92

B. Other Equity (₹ in crores)

Particulars	Share Application Money (Note 1)	Reserves & Surplus									Other Comprehensive Income			Total	Non-Controlling Interest
		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)	Debenture 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	-	-	-	-	-	-	-	-	(173.63)	-	-	-	-	(173.63)	-
Change in minority	-	-	(689.64)	(29.36)	-	(92.39)	-	-	(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

V. SANKAR AIYAR & CO. MUMBAI CHARTERED ACCOUNTANTS

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

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 recognised 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/utilised 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 Samasta Microfinance 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

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Partner
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Nirmal Jain
Joint Managing Director
DIN : 00010535

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

Place : Mumbai
Dated: April 26, 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 Mar 12, 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

V. SANKAR AIYAR & CO. MUMBAI CHARTERED ACCOUNTANTS

IIFL FINANCE LIMITED

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 categorised 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 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 unrealised 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 recognised 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 harmonise 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 recognised. 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 amortisation 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 recognised in the Statement of Profit and Loss. An impairment loss recognised 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 recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised 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 amortised but tested for impairment.

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.

V. SANKAR AIYAR & CO. MUMBAI CHARTERED ACCOUNTANTS

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

IIFL FINANCE LIMITED

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 Microfinance Limited (Formerly Samasta Microfinance Limited) (Samasta)	Direct Subsidiary	India	99.51%	99.41%	99.09%
IIHFL Sales Limited	Step down Subsidiary	India	100%	100%	100%
IFL 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.

Note 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured 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 amortised cost is recognised 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 recognised 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 recognised in the Statement of Profit and Loss at initial recognition.

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

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

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 derecognised 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 recognised on the date of derecognition itself as interest only strip receivable (interest strip on assignment) and correspondingly recognised as profit on derecognition of financial asset.

v. Securitisation transactions

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

vi. Other operational revenue

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

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

PPE is recognised 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 accumulated depreciation. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised 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 derecognised 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 recognised 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 recognised 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 amortisation and cumulative impairment.

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

An intangible asset is derecognised 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 recognised in the Statement of Profit and Loss when the asset is

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derecognised.

(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 derecognised 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 derecognised.

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 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 recognised 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised 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

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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 recognised 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 recognised 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 recognised 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 recognised in the Statement of Profit and Loss as employee benefit expenses. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognises 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 recognise the obligation on a net basis.

Long term employee benefits: The obligation recognised 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 recognised in a similar manner as in the case of defined benefit plan above.

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(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.

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 recognised 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 recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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

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presumption.

For transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised 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 recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(k) Financial instruments

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

Recognised 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 recognised immediately in the Statement of Profit and Loss.

Financial assets

Classification and measurement

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

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised 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 amortised cost

Debt instruments that meet the following criteria are measured at amortised 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

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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 amortised 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 recognised in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognised 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 amortised 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 recognised in the Statement of Profit and Loss. The gain or loss on disposal is recognised in the Statement of Profit and Loss.

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

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

Investments in equity instruments at FVTOCI

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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 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 recognised 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 recognised 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-recognised and is still in the portfolio.

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- Loss given default ("LGD") estimates the normalised 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
- 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 recognised. 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.

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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 maximise collection and minimise 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 derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The 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.

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

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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 derecognises 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 recognises 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 recognise the financial asset and also recognises a collateralised 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 recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised 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 recognised 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

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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 recognised 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 recognised 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 recognised in equity will be transferred to retained earnings. No gain/ loss is recognised in Statement of Profit and Loss upon conversion or expiration of the conversion option.

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 recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the convertible notes using the effective interest rate method.

Financial liabilities

All financial liabilities are subsequently measured at amortised 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 amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortised 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 amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises 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 derecognised and the consideration paid and payable is recognised 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 recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(I) 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

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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/ utilising 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 recognised 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 recognised 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 recognised 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 recognised 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
- a reliable estimate can be made of the amount of the obligation

The amount recognised 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.

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Onerous contracts
Present obligations arising under onerous contracts are recognised 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 recognised nor disclosed in the consolidated financial statements.

(r) Commitments
Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
a) Estimated amount of contracts remaining to be executed on capital account and not provided for,
b) Funding related commitment to associate and joint venture companies; and
c) 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 unrealised 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 recognised 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 recognised 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

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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 recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'Other income' line item.

Amounts previously recognised 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 recognised 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 recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised 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 recognises 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

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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 amortised 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 recognise 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 recognises 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 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

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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. <u>Discount rate</u>
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 recognises 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 1, 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 1,2023. 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 1,2023. The company has evaluated the amendment and there is no impact on its standalone financial statements.

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Note 4. Cash and Cash Equivalents (₹ in crores)

Particulars	As at March 31, 2023	As at 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	As at 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	As at 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**

(₹ 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 Crore (P.Y. ₹ 9.87 Crore) made as per the terms of issue and on maturity will be transferred to the investors of the NCD.

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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 these contracts that are designated and effective as hedges of future cash flows are recognised directly in "Cash Flow Hedge Reserve" under Other Equity and the ineffective portion is recognised 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) recognised in OCI	34.76	(0.97)
Ineffectiveness recognised in profit or (loss)	(2.66)	-

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Note 7. Receivables

(₹ in crores)

Receivables	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:

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

Note 7.1 Trade Receivables Ageing Schedule

(₹ in crores)

Particulars (As at March 31, 2023)	Unbilled	Outstanding for following periods from due date of payment: 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	-	-	-	-	-	-	-
	3.99	**116.50**	**6.48**	**1.76**	-	-	**128.73**

(₹ in crores)

Particulars (As at March 31, 2022)	Unbilled	Outstanding for following periods from due date of payment: 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	-	-	-	-	-	-	-
	4.64	**178.51**	**0.11**	**0.02**	**0.00**	-	**183.28**

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Note 8. Loans

(₹ in crores)

Particulars	As at March 31, 2023		
	Amortised 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 crore and Stage 3 Interest ₹ 85.95 crore)	(1,256.78)	(60.45)	(1,317.23)
Total (A) - Net	**33,077.14**	**6,923.97**	**40,001.11**
(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		
	Amortised 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 crore and Stage 3 Interest ₹ 112.49 crore)	(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)
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.

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Note 9. Investments

(₹ in crores)

Particulars	As at March 31, 2023		
	At Fair Value through profit and loss	At Amortised 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**

(₹ in crores)

Particulars	As at March 31, 2022		
	At Fair Value through profit and loss	At Amortised 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**

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Note 9.1 Investment details script wise

Particulars	As at March 31, 2023 Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in crores)	As at March 31, 2022 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			**1,132.68**			**1,099.22**
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**
Elite Mortgage HL Trust June 2019Series 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**

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: Provisions on insurance receivables (₹ 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: Provisions on security deposit (₹ 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**

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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) Deffered tax asset	Opening balance (as on April 1, 2022)	Recognised in profit or loss	Recognised 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)	-	323.83
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
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 amortisation (net)	(185.98)	(110.80)	-	(296.78)
Deferred tax assets (net)	**285.82**	**(144.09)**	**(19.06)**	**122.67**

(₹ in crores)

(B) Deffered tax liability	Opening balance (as on April 1, 2022)	Recognised in profit or loss	Recognised 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) Deffered tax asset	Opening balance (as on April 1, 2021)	Recognised in profit or loss	Recognised 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 amortisation (net)	(85.45)	(100.53)	-	(185.98)
Deferred tax assets (net)	**311.14**	**(19.38)**	**(5.94)**	**285.82**

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 1, 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	(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 1, 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.

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.

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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 1, 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 1, 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.

(₹ in crores)

Particulars	Freehold Land *	Electrical Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 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 1, 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

2022-23

(₹ in crores)

Particulars	As at March 31, 2023				Total
	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	-	-	-	-	-

2021-22

(₹ in crores)

Particulars	As at March 31, 2022				Total
	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

(i) As a Lessee

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

(₹ in crores)

Particulars	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**

(₹ in crores)

Particulars	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**

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

(₹ in crores)

Particulars	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:

(₹ in crores)

Particulars	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**

(₹ in crores)

Particulars	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:

(₹ in crores)

Particulars	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 recognised in profit or loss

(₹ in crores)

Particulars	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 recognised in the statement of cash flows

(₹ in crores)

Particulars	FY 2022-23	FY 2021-22
Total cash outflow for leases	119.44	92.76

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Note 15. Other Intangible Assets

(₹ in crores)

Particulars	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**
Amortisation	
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**

(₹ in crores)

Particulars	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**
Amortisation	**-**
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 (₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Prepaid expenses	134.31	54.05
Receivable from securitisation 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 (₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
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 (Buidling) is pending sale beyond one year due to approvals pending from the relevant government authorities.

Note 18. Payables (₹ in crores)

Particulars	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	2022-2023	2021-2022
(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

(₹ in crores)

Particulars As at March 31, 2023	Unbilled	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(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	-	-	-	-	-	-

(₹ in crores)

Particulars As at March 31, 2022	Unbilled	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(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 (₹ in crores)

Particulars	At Amortised 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 : Unamortised 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:

(a) 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.

(b) 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 Crs. (from December 20, 2023) and ₹ 15.00 Crs. (from March 20, 2024) { As at March 31, 2022 ₹ 28.13 Crs. (May 15, 2022), ₹ 15.00 Crs. (from December 20, 2023) and ₹ 15.00 Crs. (from March 20, 2024)}

(c) 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 Crore (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)
(A) 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
(B) Commercial Papers (Unsecured):		-		**100.90**
Less than 1 years	-	-	6.30% - 7.50%	100.90
Total (A+B)		**7,659.78**		**7,564.56**

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

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Note 19.2 - Non Convertible Debentures - instrument wise details

(₹ in crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
5.875% Secured Medium Term Note. Date of Maturity- 20/04/2023 *	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 21/04/2023	11.50%	15.00	15.00
11.50% Secured Listed, Rated Senior Taxable Redeemable Non-Convertible Debentures. Smfl Ncd Series 3. Date Of Maturity 21/04/2023	11.50%	100.00	100.00
9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D5. Date of maturity 08/05/2023	9.00%	100.00	-
11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Redeemable Non Convertible Debentrues. Series 1. Date Of Maturity 05/06/2023	11.50%	25.00	25.00
11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Redeemable Non Convertible Debentrues. Series 1. Date Of Maturity 05/06/2023	11.50%	15.00	15.00
11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Redeemable Non Convertible Debentrues. Series 1. Date Of Maturity 05/06/2023	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 10/07/2023	11.50%	25.00	25.00
Gsec Linked Secured Rated Listed Redeemable Non Convertible Debenture. Series Mld1 22-23. Date Of Maturity 01/09/2023.	11.01%	25.00	-
Gsec Linked Secured Rated Listed Redeemable Non Convertible Debenture. Series Mld1 22-23. Date Of Maturity 01/09/2023.	11.01%	80.00	-
8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity 14/10/2023	8.25%	307.21	-
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series II Date Of Maturity 14/10/2023	8.25%	71.30	71.43
G- Sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date Of Maturity 25/04/2024	9.12%	51.30	50.19
Gsec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures.Date Of Maturity 30/04/2024	9.00%	59.00	59.00
Gsec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures.Date Of Maturity 30/04/2024	9.00%	74.80	74.80
G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date Of Maturity 27/06/2024	10.30%	20.00	20.00
G-Sec Linked Secured Rated Listed Principal Proctected Market Linked Redeemable Non Convertible Debentures Series D21 Date Of Maturity 25/07/2024	8.50%	26.00	-
Gsec Linked Secured Rated Listed Principal Protected Market Linked Redeemable Non Convertible Debenture. Series D19. Date Of Maturity 02/09/2024	8.25%	115.00	-
Gsec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series D14. Date Of Maturity 07/09/2024	8.00%	100.00	100.00
8.50% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series III. Date Of Maturity 14/10/2024	8.50%	93.88	94.08
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series IV. Date Of Maturity 14/10/2024	8.50%	57.27	57.31
8.25% Secured Rated Listed Redeemable Non Convertible Debenture. Series I Tranche Ii. Date Of Maturity 03/01/2025	8.25%	225.72	225.72
Secured Rated Listed Redeemable Non Convertible Debenture. Series Ii Tranche Ii. Date Of Maturity 03/01/2025.	8.25%	26.73	26.73
8.5% Secured Rated Listed Non Convertible Debentures Redeemable Series I Date Of Maturity 24/01/2025	8.50%	45.63	-
Secured Rated Listed Redeemable Non Convertible Debentures Series II Date Of Maturity 24/01/2025	8.50%	30.07	-
10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Maturity Date - 19/12/2025	10.33%	15.00	15.00

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(₹ in crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
Secured Rated Listed Redeemable Non Convertible Debentures Series IV. Date Of Maturity 24/01/2026	8.75%	24.13	-
8.75% Secured Rated Listed Redemable Non Convertible Debentuers Series III Date Of Maturity 24/01/2026	8.75%	57.21	-
10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Maturity Date : 20/03/2026	10.05%	15.00	15.00
8.5% Secured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Series D8 Maturity 31/03/2026	8.50%	280.00	-
8.20% Secured Rated Listed Redeemable Non Convertible Debentures.Series D7.Date Of Maturity 28/09/2026	8.20%	112.00	112.00
8.42% Secured Rated Monthly Listed Redeemable Senior Non Convertible Debentures. Series V. Date Of Maturity 14/10/2026	8.42%	146.22	147.25
8.75% Secured Rated Annually Listed Redeemable Senior Non Convertible Debentures. Series VI. Date Of Maturity 14/10/2026	8.75%	135.72	136.08
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series VII. Date Of Maturity 14/10/2026	8.75%	27.19	29.31
8.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series Iii Tranche Ii. Date Of Maturity 03/01/2027	8.20%	52.65	52.65
8.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series Iv Tranche Ii. Date Of Maturity 03/01/2027	8.50%	13.60	13.60
Secured Rated Listed Redeemable Non Convertible Debenture. Series V Tranche Ii. Date Of Maturity 03/01/2027.	8.50%	4.25	4.25
9% Secured Rated Listed Redeemable Non Convertible Debentures Series VI. Date Of Maturity 24/01/2028	9.00%	118.93	-
Secured Rated Listed Redeemable Non Convertible Debentures Series VII. Date Of Maturity 24/01/2028	9.00%	37.86	-
8.65% Secured Rated Listed Redeemable Non Convertible Debentures Series V Date Of Maturity 24/01/2028	8.65%	158.27	-
8.60% Secured Redeemable Non Convertible Debentures. Series.Seris D3. Maturity Date: 11/02/2028	8.60%	18.00	18.00
8.62% Secured Rated Listed Redeemable Non Convertible Debentures.Series D4.Date Of Maturity 12/03/2028	8.62%	19.00	19.00
8.43% Secured Rated Listed Redeemable Non Convertible Debenture. Series Vi Tranche Ii. Date Of Maturity 03/01/2029.	8.43%	53.74	53.74
8.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series Vii Tranche Ii. Date Of Maturity 03/01/2029	8.75%	22.18	22.18
Secured Rated Listed Redeemable Non Convertible Debenture. Series Viii Tranche Ii. Date Of Maturity 03/01/2029	8.75%	5.53	5.53
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D5.Date Of Maturity 16/04/2029	8.70%	36.00	36.00
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - 03/10/2029	9.18%	300.00	300.00
8.585% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad I.Date Of Maturity 25/02/2030	8.59%	433.30	433.30
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D6.Date Of Maturity 14/05/2030	8.70%	109.00	109.00
8.69% Secured Redeemable Non Convertible Debentures. Series. Series D2. Maturity Date: 12/11/2030.	8.69%	300.00	300.00
5% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad Ii. Date Of Maturity 28/02/2031	5.00%	74.70	74.70
8.33% Secured Rated Listed Redeemable Non Convertible Debentures. Series D13. Date Of Maturity 30/06/2031	8.33%	500.00	500.00
8.50% Secured Rated Listed Non Convertible Debentures. Series D15. Date Of Maturity 21/01/2032	8.50%	10.00	10.00
8.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series D16 Option A. Date Of Maturity 24/03/2032	8.60%	60.00	60.00
9% Secured Rated Listed Non Convertible Debenture. Series D17. Date Of Maturity 15/07/2032	9.00%	10.00	-
9.45% Secured Rated Listed Redeemable Non Convertible Debentures Series D20 Date Of Maturity 01/11/2032	9.45%	550.00	-

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(₹ in crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity 04/04/2022	9.45%	-	24.00
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity 21/04/2022	9.35%	-	29.80
9.50% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - 07/05/2022	9.50%	-	260.50
9.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - 07/05/2022	9.60%	-	36.69
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series II - Category II,III & IV. Maturity Date - 07/05/2022	9.60%	-	42.24
Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity 13/05/2022	8.56%	-	28.13
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debentures. Series D10. Date Of Maturity 17/05/2022	8.00%	-	100.00
8.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D11. Date Of Maturity 26/05/2022	8.00%	-	25.00
Gsec Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. Series 1. Date Of Maturity 02/06/2022	9.55%	-	15.00
15.25% Secured Redeemable Non Convertible Debentures. F Group Debt Instruments Series 1-50. Date Of Maturity 30/06/2022	15.25%	-	5.00
Market Linked Secured Rated Listed Redeemable Non-Convertible Debentures. Series D3 Option II. Date Of Maturity 27/09/2022	9.50%	-	21.93
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity 29/09/2022	9.55%	-	58.00
9.50% Secured Rated Listed Redeemable Non-Convertible Debentures. Series II. Date Of Maturity 06/12/2022	9.50%	-	33.17
Zero coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series III. Date Of Maturity 06/12/2022	9.85%	-	10.77
9.85% Secured Rated Listed Redeemable Non-Convertible Debentures. Series IV. Date Of Maturity 06/12/2022	9.85%	-	64.44
Gsec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures.Date Of Maturity 26/12/2022	7.75%	-	50.00
Gsec Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. Series 2. Date Of Maturity 02/01/2023	9.65%	-	15.00
9.85% Secured Rated Listed Redeemable Non Convertible Debenture Series D4. Date Of Maturity 17/01/2023	9.85%	-	5.00
10.50% Secured Rated Unlisted Redeemable Non Convertible Debentures.Date Of Maturity 18/03/2023	10.50%	-	50.00
9.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D5. Date Of Maturity 08/05/2023	9.00%	-	100.00
8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity 14/10/2023	8.25%	-	307.53
9.75% Secured Rated Listed Redeemable Non Convertible Debentures. Series III. Maturity Date - 07/02/2024	9.75%	-	170.42
10.20% Secured Rated Listed Redeemable Non Convertible Debentures. Series IV. Maturity Date - 07/02/2024	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 Amortised 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) Securitisation 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:

(a) 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.

(b) During the year the Group had borrowed ₹ 395.28 crore (equivalent to USD 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 specity exclusive charge.

(c) During the year the Group had also borrowed ₹ 822.00 crore (equivalent to USD 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/recevables pertaining to capital market exposure and securitised asset.

(d) During the year ended March 31, 2022, the Group borrowed ₹ 379.25 crore (equivalent to USD 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.

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**
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 categorisation 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
Securitisation:		**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 categorisation of loans has been based on the interest rates prevalent as on the respective reporting dates.

Note 21. Unsecured/Subordinated Liabilities

I. Unsecured, Unsubordinated Non Convertible Debentures **(₹ in crores)**

Particulars	At Amortised Cost	
	As at March 31, 2023	As at March 31, 2022
(A)		
(i) Unsecured Non Convertible Debentures - Other than Sub Debt	140.00	-
Less: Unamortised Debenture Issue Expenses	(0.99)	-
(ii) Interest Accrued but not due	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 Amortised Cost	
	As at March 31, 2023	As at March 31, 2022
(A)		
(i) Non Convertible Debentures	2,858.98	2,429.80
Less : Unamortised 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

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 Crore (from May 28, 2024), ₹ 30.77 Crore (from August 07, 2024), ₹ 15.45 Crore (from August 07, 2024), ₹ 10.00 crore (from February 28, 2024), ₹ 126.52 crore (from May 14, 2024), ₹ 40.00 crore (from June 18, 2025) and ₹ 30.00 crore (from July 14, 2025) { As at March 31, 2022 ₹ 50.00 Crore (from May 28, 2024), ₹ 30.77 Crore (from August 07, 2024), ₹ 15.45 Crore (from August 07, 2024), as at March 31, 2022 Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 10.00 crore (from February 28, 2024), ₹ 126.52 crore (from May 14, 2024), ₹ 40.00 crore (from June 18, 2025) and ₹ 30.00 crore (from July 14, 2025)}

(b) Unsecured Non convertible Debentures - Sub Debt includes debentures amounting to Rs.11.00 Crore (P.Y. Rs.11.00 Crore) 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

(₹ in crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date Of Maturity 14/04/2023	8.93%	50.00	50.00
12.10% Unsecured Redeemable Non Convertible Debentures. Date Of Maturity 24/05/2023	12.10%	10.00	10.00
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo5. Date Of Maturity 29/05/2023	9.30%	15.00	15.00
10.50% Unsecured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Series A Date Of Maturity 20/12/2023	11.40%	50.00	-
Nifty 50 Index Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Date Of Maturity 19/04/2024	10.15%	21.85	21.85
Nifty 50 Index Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Date Of Maturity 19/04/2024	10.15%	67.15	67.15
Nifty 50 Index Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Date Of Maturity 18/04/2024	9.05%	6.68	6.68
11.40% Unsecured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Series B Date Of Maturity 19/12/2024	10.50%	50.00	-
10.75% Unsecured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Date Of Maturity 24/02/2025	10.75%	40.00	-
10.00% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series V. Date Of Maturity 06/06/2025.	10.00%	25.93	25.93
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity 06/06/2025	10.50%	5.78	5.78
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date Of Maturity 27/07/2027	8.85%	75.00	75.00
8.70% Unsecured Listed Redeemable Subordinated Non Convertible Debentures. Series U03. Date Of Maturity 19/11/2027	8.70%	100.00	100.00
9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date Of Maturity 28/02/2028	9.05%	10.00	10.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date Of Maturity 16/06/2028	9.85%	40.00	40.00
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture.Series I . Date Of Maturity 24/06/2028	10.00%	274.69	274.69
9.60% Unsecured Rated Listed Redeemable Non Convertible Debenture.Series II . Date Of Maturity 24/06/2028	9.60%	328.02	328.02
Zero Coupon Unsecured Rated Listed Redeemable Non Convertible Debenture.Series III . Date Of Maturity 24/06/2028	10.03%	68.14	68.14
9.00% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Date of Maturity 28/06/2028	9.00%	325.00	325.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date Of Maturity 13/07/2028	9.85%	30.00	30.00
11.25% Unsecured Rated Listed Subordinate Tier Ii Redeemable Non Convertible Debenture. Letter Of Allotment. Date Of Maturity 19/07/2028.	11.25%	150.00	-
Zero coupon Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date of Maturity 25/08/2028	9.35%	50.00	50.00
Zero Coupon G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series Ua3. Date Of Maturity 11/08/2028	9.40%	126.30	126.52
10% Unsecured Rated Listed Redeemable Non Convertible Debentures.Series I.Date Of Maturity 03/11/2028	10.00%	232.72	232.72
9.6% Unsecured Rated Listed Redeemable Non Convertible Debentures.Series Ii.Date Of Maturity : 03/11/2028	9.60%	382.82	382.82

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(₹ in crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
Unsecured Rated Listed Redeemable Non Convertible Debentures.Series Iii.Date Of Maturity : 03/11/2028	10.02%	40.28	40.28
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Maturity Date - 07/02/2029	10.00%	30.77	30.77
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Maturity Date - 26/02/2029	10.50%	15.45	15.45
11.25% Unsecured Rated Listed Redeemable Non Convertible Debenture. Letter Of Allotment Date Of Maturity 02/04/2029.	11.25%	25.00	-
9.35% Unsecured Rated Listed Subordinated Redeemable Non Convertible Debenture. Series D16 Option B. Date Of Maturity 24/03/2032	9.35%	50.00	50.00
9.65% Unsecured Rated Listed Subordinate Tier Ii Non Convertible Debenture. Series D18. Date Of Maturity 26/07/2032	9.65%	236.70	-
9.45% Unsecured Rated Listed Redeemable Non Convertible Debentures Series D22 Date Maturity 27/12/2032	9.45%	65.69	-
16.90% Unsecured Redeemable Non Convertible Debentures. F Group Debt Instruments Series 1-50. Date Of Maturity 30/06/2022	16.90%	-	5.00
12.15% Unsecured Redeemable Non-Convertible Debenture. Date Of Maturity 30/08/2022	12.15%	-	20.00
12.20% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date Of Maturity 04/11/2022	12.20%	-	23.00
Total		**2,998.98**	**2,429.80**

Note 22. Other Financial Liabilities

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Temporary overdrawn bank balances	787.68	747.19
Payable on account of assignment/securitisation	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)

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**

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Note 25: Equity Share Capital

(i) Authorised, Issued, Subscribed and Paid-up Share Capital (₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised Share Capital		
2,355,250,000 Equity Shares (P.Y 2,355,250,000) of ₹ 2 each	471.05	471.05
500,000,000 Preference Shares (P.Y 500,000,000) of ₹ 10 each	500.00	500.00
Total	**971.05**	**971.05**
Issued, Subscribed and Paid-up Share Capital		
380,430,389 Equity Shares (P.Y 379,598,711) 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.

(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 Ltd.	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

As at March 31, 2023

Promoter name	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 Pvt Ltd	32,68,904	0.86%	0.00%
Orpheus Trading Pvt Ltd	13,00,000	0.34%	0.00%
Total	**9,45,47,490**	**24.85%**	

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

As at March 31, 2022

Promoter name	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 Pvt Ltd	32,68,904	0.86%	0.00%
Orpheus Trading Pvt Ltd	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 alloted 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.

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CONSOLIDATED FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED

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**

Non-Controlling Interest

(₹ in crores)

Particulars	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

(₹ in crores)

Particulars	FY 2022-23				FY 2021-22			
	On financial assets measured at amortised 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 amortised 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 crore (P.Y ₹ 0.00 crore).

Note 27. Fees and Commission Income

(₹ in crores)

Particulars	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

(₹ in crores)

Particulars	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		
- Realised	82.68	77.20
- Unrealised	64.58	78.58
Total net gain/(loss) on fair value changes	**147.25**	**155.77**

Note 29. Other Income

(₹ in crores)

Particulars	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

(₹ in crores)

Particulars	On Financial liabilities measured at Amortised 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 crore (P.Y ₹ 251.54 crore)

Note 31. Net (gain)/ loss on derecognition of financial instruments under amortised cost category

(₹ in crores)

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

Note 32. Impairment on Financial Instruments

(₹ in crores)

Particulars	FY 2022-23			FY 2021-22		
	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised 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**

Note 33. Employee benefit expenses

(₹ in crores)

Particulars	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 crore)

33.1 Defined contribution plans

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

(₹ in crores)

Particulars	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	INR			INR		
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		

Assumptions	FY 2022-23			FY 2021-22		
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 35.00%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 35.00%p.a For service 5 years and above 10% 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.		

Particulars	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**

Table Showing Change in the Fair Value of Plan Assets	FY 2022-23	FY 2021-22
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**

Amount Recognized in the Balance Sheet	FY 2022-23	FY 2021-22
(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 recognised in the Balance Sheet under "Other non-financial assets"	-	1.18
Liabilities recognised 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.

Net Interest Cost for Current Year	FY 2022-23	FY 2021-22
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**

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**

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**

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**

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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.

Expenses recognised 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 recognised	**8.84**	**7.26**

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

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 recognised 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 recognised 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.

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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.

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.

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Note 34. Other Expenses (₹ in crores)

Particulars	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 (refer note 34.1)	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**

Note 34.1: Includes below payments done in foreign currency (₹ in crores)

Particulars	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 crore (P.Y ₹ 0.97 crore) to the auditors towards certification required under its Public Issue of Non Convertible Debentures, the same has been amortised over the tenure of the borrowings.

Note 35. Income Taxes

(₹ in crores)

Amounts recognised in statement of profit or loss	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**

(₹ in crores)

Amounts recognised 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**

(₹ in crores)

Reconciliation of income tax expense of the year to accounting year	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 recognised	(1.33)	(9.95)
Recognition of previously unrecognised deductible temporary differences	0.76	0.33
Total income tax expense	**504.97**	**347.72**

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Note 36. Earnings Per Share

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

Particulars		FY 2022-2023	FY 2021-2022
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 crore)		1,500.30	1,187.89
Profit after tax attributable to equity share holders (₹ in crore)	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**

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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 operationalises risk management framework approved by RMC.

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 minimise 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 amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

(₹ 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	-	-	-	3,630.67	**3,630.67**
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 recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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37A.2. Collateral held

The Group holds collateral and other credit enhancements against certain of its credit exposures. The loans are collateralised 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.

(₹ 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**

(₹ 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 crore (P.Y ₹ 904.22 crore)

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 2022-2023	FY 2021-2022
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".

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS MUMBAI

CHHAJED & DOSHI CHARTERED ACCOUNTANTS MUMBAI 400 069.

IIFL FINANCE LIMITED

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.

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**

(₹ 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)**

	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**

The Group had the following variable rate borrowings outstanding and cross currency interest rate swap contracts outstanding: **(₹ in crores)**

	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)**

	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 income from loans 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 (CCRIS) 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.

The Group's currency position is as under **(₹ in crores)**

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets (in INR)*	189.91	-	-	-	-	-
Foreign Currency Liabilities (in INR)*	33.15	-	-	-	-	-
Net Gap as at 31.03.2023	**156.76**	-	-	-	-	-

(₹ in crores)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets (in INR)*	45.85	-	-	-	-	-
Foreign Currency Liabilities (in INR)*	154.52	-	-	-	-	-
Net Gap as at 31.03.2022	**(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
USD sensitivity				
INR/USD -Increase by 5%	-	-	(182.45)	(134.33)
INR/USD -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 summarises 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.

(₹ 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 maximise 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	Amortised 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**	**42,244.96**

(₹ in crores)

Particulars	As at March 31, 2022		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised 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 categorised. The amounts are based on the values recognised 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 recognised 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.

(₹ in crores)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2023	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	57.49	-	1,132.68	1,190.17	1,190.17
(ii) Security Receipts	-	-	879.70	879.70	879.70
(iii) Debt Securities	346.52	-	-	346.52	346.52
(iv) Government Securities	-	5.04	-	5.04	5.04
(vi) Preference Shares	-	38.17	-	38.17	38.17
(vii) Certificate of Deposits	-	-	-	-	-
(viii) Commercial Papers	-	-	-	-	-
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 As at March 31, 2022	Level 1	Level 2	Level 3	Total	Carrying Value
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	0.00	-	1,099.22	1,099.22	1,099.22
(ii) Security Receipts	-	-	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

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 amortised 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 amortised 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
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 *	7,562.86	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 1, 2022	**5,662.46**	**1,099.22**	**83.30**	-
Issuances	13,996.06	79.82	**913.70**	-
Re-classified to amortised 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 recognised 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**	-
Unrealised 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 1, 2021	5,217.17	7.11	-	-
Issuances	12,444.01	1,196.64	**103.71**	-
Re-classified to amortised 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 recognised in profit and loss	-	69.51	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Balances As at March 31, 2022	**5,662.46**	**1,099.22**	**83.30**	-
Unrealised gain /losses related to balances held at the end of financial year	-	68.57	-	-

37 F. Transferred financial assets that are derecognised 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 derecognised. 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 derecognised financial assets during the year and the gain/(loss) on derecognition, which qualify for derecognition:

(₹ in crores)

Particulars	FY 2022-23	FY 2021-22
Financial assets derecognised during the year	12,110.48	11,177.65
Gain from derecognition	543.87	515.27

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

The Group uses securitisations 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 securitised 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 derecognised in their entirety and associated liabilities.

(₹ in crores)

Securitisations	As at March 31, 2023	As at March 31, 2022
Carrying amount of transferred assets measured at amortised 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:

(₹ in crores)

Particulars	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 securitisation transaction	79.95	195.67
In respect of Stamp Duty (refer note f)	16.66	16.66

(a) The Group has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to income tax demand is 71.34 crores (P.Y ₹ 41.77 crores).

(c) 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).

(d) Amount paid under protest with respect to profession tax demand ₹ 0.05 crores (P.Y ₹ 0.05 crores).

(e) Guarantee has been given on behalf of subsidiary.

(f) 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 resulting companies i.e IIFL Finance Limited, IIFL Securities Limited and 360 ONE WAM Limited (Formerly known as IIFL Wealth Management Limited) equally. The Group 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, group is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Group's financial position.

Commitments not provided for:

(₹ in crores)

Particulars	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

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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	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	08-Mar-2016, 29-Apr-2017, 06-May-2021, 20-Aug-2021, 22-Dec-2021, 26- Aug 2022, 15-Oct 2022.	05-Aug-2014, 02-Mar-2015, 08-Mar-2016, 29-Apr-2017, 04-Sep-2020, 06-May-2021, 20-Aug-2021 and 22-Dec-2021.
Grant Price (₹ Per Share)	₹ 82.02, ₹ 218.71, ₹ 252.00, ₹ 252.00, ₹ 271.40, ₹ 341.65, ₹ 350	₹ 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, 2023

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted 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**

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

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted 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	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			
	15-Oct-22	26-Aug-22	22-Dec-21	19-Aug-21
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			
	06-May-21	04-Sep-20	29-Apr-17	08-Mar-16
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

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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.

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:

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	02-Dec-2015, 08-Feb-2017, 02-May-2018, 21-Nov-2018 and 18-Jan-2019	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018, 18-Jan-2019 and 18-Sep-2019
Grant Price (₹ Per Share)	₹ 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 ₹)	Weighted average exercise price (in ₹)	Weighted 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 ₹)	Weighted average exercise price (in ₹)	Weighted 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 .

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

Particulars	ESOP 2020			
	18-Jan-19	18-Jan-19	21-Nov-18	02-May-18
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		
	02-May-18	08-Feb-17	02-Dec-15
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 1, 2018 ("the Effective date" or the "Date of Modification") has been used to value the outstanding grants based on Mercahnt 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 Dislcoure requirements

(i) Relationship with Struck off Companies

The Group has not entererd 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.

(iv) Utilisation 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:

(i) 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
(ii) 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:-

(i) 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
(ii) 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 recognised by the relavant 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

(a) 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.

(b) The Group has utilised 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 Crore)

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.

As at March 31, 2022 (₹ in Crore)

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.

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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
	Mr. Pramod Kulkarni
	Mr. Manoranjan Biswal
Relatives of Key managerial personnel	Mr. Shankar Subramanian (Brother of Independent Director Mr. Ramakrishnan Subramanian) (w.e.f September 06, 2021)
	Mr. Venkatakrishnama Appanaidu Narayanaswamy
	Mrs. Anitha Shivaprakash
Other related parties	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 transactions have been carried out during the year.

41.1 Significant transactions with related

(₹ 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	0.07		0.07
	-		-
5paisa Capital Limited	-	-	-
	-	-	-
Rent expenses			
IIFL Facilities Services Limited	3.82	-	3.82
	(1.92)	-	(1.92)
Referral fees income/Other charges Income			
Livlong Protection & Wellness Solutions Limited(Formerly known as IIFL Corporate	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	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
	-	-	-

(₹ in Crores)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Remuneration paid			
Mr.Nirmal Jain	-	10.20	10.20
	-	(8.67)	(8.67)
Mr.Kapish Jain (from November 1, 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
	-	-	-
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)

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IIFL FINANCE LIMITED

(₹ in Crores)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
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)
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)
IIHFL 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)	-	-	-
	-	-	-

(₹ in Crores)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
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)
IIHFL 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)
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
		-	-
IIHFL Sales Limited	-	-	-
	-	-	-
IIFL Commodities Limited	-	-	-
	-	-	-
Livlong Protection & Wellness Solutions Limited(Formerly known as IIFL Corporate	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)	-	-	-
	-	-	-

(₹ in Crores)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
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)

Note 41.2 Closing balances with related parties

(` in Crores)

Nature of Transaction	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
	-	-	-
IIHFL 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			

(₹ in Crores)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
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 \	21.46	-	21.46
	-	-	-
IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited)	7.60	-	7.60
	(26.70)	-	(26.70)
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 acturial valuation report
#Amount is less than ₹ 0.01 crore hence shown as ₹ 0.00 crore wherever applicable.
(Figure in bracket represents previous year figures)

V. SANKAR AIYAR & CO. MUMBAI CHARTERED ACCOUNTANTS

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

IIFL FINANCE LIMITED

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 (net)	2.15	237.44	239.59
(b)	Deferred tax assets (net)	-	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
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	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**

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS MUMBAI

CHHAJED & DOSHI CHARTERED ACCOUNTANTS MUMBAI 400 089

IIFL FINANCE LIMITED

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 (net)	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
	(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 (net)	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 crore (P.Y. ₹ 12.74 crore) out of the total amount of ₹ 27.40 crore (P.Y. ₹ 18.77 crore) resulting into shortall of ₹ 6.05 crore (P.Y. ₹ 6.03 crore). The shorfall 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:

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
Samasta Microfinance 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**

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	Samasta Microfinance Limited	IIFL Open Fintech Private Limited	IIHFL 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

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results, included in "*Financial Statements*" beginning on page 79:

Particulars	As at and for the nine-months period ended December 31, 2023	As at and for the year ended March 31, 2023
Basic EPS (₹)	36.58*	39.49
Diluted EPS (₹)	36.07*	39.18
Return on Net Worth (%)	19.52%#	19.92%
Net Asset Value per Equity Share (₹)	310.16	268.56
EBITDA (in ₹ crore)	4,957.04	5,486.94

**Not annualised*
\# *Annualised*

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period as adjusted for treasury shares.
Diluted EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period as adjusted for treasury shares and for the effects of all dilutive potential equity shares
Net Worth	Net worth means the aggregate value of paid up equity share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited consolidated financial statements / unaudited condensed consolidated interim financial statements of the Parent and also includes other comprehensive income, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
Return on Net Worth	Net Profit/ (loss) after tax for the period attributable to equity shareholders of the Parent divided by average Net worth as attributable to equity shareholders of the parent at the end of the period.
Net Asset Value per Equity Share	Total Equity at the end of the period divided by Total number of weighted average equity share outstanding at the end of the period.
EBITDA	EBITDA stands for earnings before interest, taxes, depreciation and amortization. It includes share of profits from Associates.

(a) Calculation of Return on Net Worth

(in ₹ crore, except percentages)

Particulars	Consolidated	
	As at and for the nine-months period ended December 31, 2023	As at and for the year ended March 31, 2023
Net profit after tax for the period attributable to equity shareholders of the Parent (A)	1,390.13	1,500.30
Average Net Worth excluding non-controlling interest (B)	9,477.55	7,532.18
Return on Net Worth (A / B)*100 (%)	19.52%*	19.92%

*****_Annualised_

(b) Calculation of Net asset value per Equity Share

(in ₹ crore, except per share data and number of Equity Shares)

Particulars	As at and for the nine-months period ended December 31, 2023	As at and for the year ended March 31, 2023
Equity Share capital (A)	76.26	76.09
Other equity (including non-controlling interest) (B)	11,710.50	10,126.06
Total equity(C = A + B)	**11,786.76**	**10,202.15**
Weighted average no. of Equity shares subscribed and fully paid outstanding (D)	**38,00,17,420**	**37,98,80,425**
Net Asset Value per Equity Share (in ₹) (C/D)	**310.16**	**268.56**

(c) Details of EBITDA

(in ₹ crore)

Particulars	Consolidated	
	As at and for the nine-months period ended December 31, 2023	As at and for the year ended March 31, 2023
Profit / (loss) before tax (A)	2,018.22	2,112.52
Finance costs (B)	2,808.50	3,221.83
Depreciation and amortisation expense I	130.32	152.59
EBITDA (A+B+C)	**4,957.04**	**5,486.94**

Consolidated Capitalisation Statement

The following table sets forth the capitalisation statement of our Company (i) derived from the Unaudited Consolidated Financial Results; and (ii) as adjusted for the Issue:

(in ₹ crore, other than ratio)

Particulars*	Pre-Issue as at December 31, 2023	As adjusted for the Issue#
Total Borrowings		
Current Borrowings (A)	13,832.72	13,832.72
Non- Current Borrowings (including current maturity) (B)	29,140.43	29,140.43
Total Borrowings (C=A+B)	**42,973.15**	**42,973.15**
Total Equity		
Equity Share Capital (D)	76.26	84.79
Other Equity (E)	11,710.50	12,973.85
Total Equity (F = D+ E)	**11,786.76**	**13,058.64**
Non-current borrowings/ Total Equity (B/F)	**2.47**	**2.23**
Total Borrowings / Total Equity (C/F)	**3.65**	**3.29**

**These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).*
 # The figures for the respective line items under 'As adjusted for the Issue' column are derived after considering the impact of proposed Allotment of Equity Shares pursuant to the Issue, assuming full subscription to the Issue, and does not include any other transactions or movements for such financial statements line items after December 31, 2023, including impact of estimated Issue related expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the "Financial Statements" beginning on page 79.

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read "Risk Factors" and "Forward Looking Statements" beginning on page 17 and 14, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our financial statements included in this Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards like IFRS and U.S. GAAP. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, (i) the financial information for Fiscal 2023 and 2022 included herein is based on the Audited Consolidated Financial Statements and (ii) the financial information for the nine-month period ended December 31, 2023 and December 31, 2022 included herein is based on the Unaudited Consolidated Financial Results of our Company in this Letter of Offer. For further information, see "Financial Statements" beginning on page 79.

OVERVIEW OF OUR BUSINESS

Our Company is a Non-Banking Financial Company-Middle Layer ("**NBFC-ML**") registered with the RBI, catering to the credit requirements of a diverse customer base with its plethora of products. Our offerings through our company and its subsidiaries include home loans, gold loans, loans against property and medium and small enterprise financing, micro finance, construction and real estate finance and capital market finance, catering to both retail and corporate clients.

Our Company has received a registration as a Non-Banking Financial Company bearing registration number N-13.02386 vide certificate dated March 6, 2020.

Over the past several years, we have diversified our products and expanded our presence into segments that are of greater relevance to the evolving business environment and customer demand trends. Our key strategy is to steadily grow high quality, diversified retail assets focusing on under-banked segments, with effective risk management and cost optimization through well-defined processes and leveraging technology.

Our product offerings are detailed below:

Home Loans: include finance for purchase of flats, construction of houses, extension and for improvement in the flats/homes.

Loan against property (LAP): is availed for working capital requirements, business use or acquisition of new commercial property.

Gold Loans: includes finance against security of mainly used gold ornaments. We offer loan against gold to small businessmen, vendors, traders, farmers and salaried people for their personal needs as well as for working capital needs.

Micro, small and medium enterprise financing segment (MSME): is to provide working capital finance to small business owners. We provide small ticket loans, thereby being able to meet the needs of small scale businesses including standalone shops etc.

Microfinance: includes credit support mainly to women, who have either limited or no access to formal banking channels. We provide financial services to the economically weaker sections of society with an aim to bring microfinance services to the doorstep of the rural and semi-urban BoP (Bottom of Pyramid) families in India. Loans are offered under various categories such as income generation, education, sanitation etc. We follow the Grameen Model (also regarded as joint liability group).

Construction and Real Estate finance: includes loans to developers for construction and development of predominantly affordable residential projects and a small proportion of mixed-use projects. In line with our broader retail strategy, the construction finance vertical is an enabler for providing retail loans under the approved project route, wherein our Company has tie-ups with developers for funding the property buyers under the retail home loan category.

Capital Market Finance: includes Loans against Securities, Margin Funding, IPO financing and other structured lending transactions.

As at December 31, 2023, December 31, 2022, March 31, 2023 and March 31, 2022, our consolidated assets under management were ₹ 77,444.16 crore, ₹ 57,940.55 crore, ₹ 64,637.64 crore and ₹ 51,209.79 crore, respectively.

Our product wise split of assets under management on a consolidated basis is as under:

(in ₹ crore)

Products	AUM			
	December 31, 2023	**December 31, 2022**	**March 31, 2023**	**March 31, 2022**
Home Loans	25,518.59	20,389.09	21,800.37	17,727.04
Loan against property	7,862.20	6,185.91	6,671.20	5,675.33
Gold Loans	24,692.50	18,283.56	20,733.26	16,228.02
MSME Financing	3,904.79	1,996.01	2,511.55	1,883.73
Microfinance	12,089.88	7,834.32	9,785.63	6,154.64
Construction and Real Estate Finance	2,889.40	2,705.16	2,694.06	2,899.17
Capital Markets Financing	486.80	546.49	441.57	641.86
Total AUM	**77,444.16**	**57,940.55**	**64,637.64**	**51,209.79**

The following table sets forth certain key performance metrics on a consolidated basis, as of and for the nine month period ended December 31, 2023 and December 31, 2022 and for the years ended March 31, 2023 and March 31, 2022:

(in ₹ crore, unless otherwise stated)

Particulars	December 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022
AUM	77,444.16	57,940.55	64,637.64	51,209.79
Total Comprehensive Income (TCI) (post non-controlling interest)	1,380.11	1,116.34	1,534.01	1,197.11
Pre-provision operating profit (PPOP)*	2,674.37	2,057.41	2,831.39	2,285.00
PPOP/ Average AUM	3.80%	3.81%	5.76%	4.88%
Operating Expenses/ Average AUM	2.90%	3.02%	4.56%	3.40%
Average Interest Spread	8.21%	7.57%	7.84%	6.54%
Cost/income ratio (%)	43.06%	42.86%	43.00%	39.47%
ROA# (%)	3.67%	3.22%	3.25%	2.75%
ROE## (%)	19.52%	19.45%	19.92%	20.60%
GNPA (%)	1.71%	2.08%	1.84%	3.15%
NNPA (%)	0.87%	1.06%	1.08%	1.83%
PCR### (% including stage 1,stage 2 and SICR/Standard asset provision)	150.94%	164.02%	167.25%	118.67%
No. of employees**	39,267	32,687	33,910	28,369
No. of branches**	4,681	3,965	4,267	3,296

** PPOP excludes gain/loss on Fair value changes*
*** Figures are not in crore.*
 # Return on Assets (ROA) = Profit after tax before Non-Controlling Interest / Average total assets
Return on Equity (ROE) = Profit after tax post non-controlling interest / Average net worth (Excluding non-controlling interest)
###Provision coverage ratio (PCR) = Total Expected Credit Loss Provision / Gross Non-Performing Advances (GNPA)

Our revenue from operations on a consolidated basis grew at a CAGR of 19.14% over the last two Fiscals.

For Fiscal 2023, our Company's total income, on a consolidated basis, amounted to ₹ 8,447.11 crore as compared to ₹ 7,023.61 crore for the Fiscal 2022. Our profit before tax on a consolidated basis for the Fiscal 2023 stood at ₹ 2,112.52 crore as compared to ₹ 1,535.98 crore in Fiscal 2022.

For the nine month period ended December 31, 2023, our Company's total income, on a consolidated basis, amounted to ₹ 7,587.88 crore as compared to ₹ 6,171.10 crore for the nine months period ended December 31, 2022. Our profit before tax on a consolidated basis stood at ₹ 2,018.22 crore for the nine months period ended December 31, 2023, as compared to ₹ 1,518.50 crore in the nine months period ended December 31, 2022.

SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled *'Risk Factors'* on page 17. The following are certain factors that had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- India's macroeconomic environment
- Availability of cost-effective funding sources
- Volatility in borrowing and lending rates
- Credit quality and provisioning
- Government policies and regulations
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.
- Increasing Competition

India's macroeconomic environment

Macroeconomic factors that affect the Indian economy have an impact on our business. Factors that may adversely affect the Indian economy, and hence our results of operations, may include increase in Indian interest rates or inflation, exchange rate fluctuations, scarcity of credit or other financing in India, volatility in and actual or perceived trends in trading activity on India's principal stock exchanges, changes in India's tax, trade, fiscal or monetary policies like the application of GST, political instability, terrorism or military conflict in India or in countries in the region or globally, occurrence of natural or man-made disasters, infectious disease outbreaks or other serious public health concerns, prevailing regional or global economic conditions and other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy may have a direct impact on our disbursements and may potentially increase the level of defaults, thereby adversely impacting our Company's profitability, the quality of its portfolio and growth plans. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy.

Availability of cost-effective funding sources

Our Company's liquidity and ongoing profitability are, to a large extent, dependent upon its timely access to, and the costs associated with, raising capital. Our Company's funding requirements historically have been met from various sources, including shareholder funding, term loans, working capital limits from banks, issuance of commercial papers and non-convertible debentures, cash credit facilities from banks and inter-corporate deposits. Thus, our Company's business growth, liquidity and profitability depends and will continue to depend on its ability to access diversified, relatively stable and low-cost funding sources as well as our Company's financial performance, capital adequacy levels, credit ratings and relationships with lenders. Any adverse developments or changes in applicable laws and regulations which limit our Company's ability to raise funds can disrupt its sources of funding and as a consequence, could have a material adverse effect on our Company's liquidity and financial condition.

Our Company's ability to borrow funds and refinance existing debt may also be affected by a variety of factors, including liquidity in the markets, the strength of the lenders from which our Company borrows, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our Company's financing agreements. An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions that constricts the availability of credit may increase our Company's cost of funds and make it difficult for our Company to access financing in a cost-effective manner. A disruption in sources of funds or increase in cost of funds as a result of any of these factors may have a material adverse effect on our Company's liquidity and financial condition.

Volatility in borrowing and lending rates

As a result of certain reserve requirements of the RBI applicable to non-banking financial companies, our Company is structurally exposed to interest rate risk than other corporates. These requirements result in our Company maintaining a portfolio of fixed income Government securities, and our Company could be materially adversely impacted by a rise in interest rates, especially if the rise were sudden or sharp. Realised and marked-to-market gains or losses on investments in fixed income securities, including Government securities, are an important element of our Company's profitability and are impacted by movements in market yields. If the yield on our Company's interest-earning assets does not increase at the same time or to the same extent as our Company's cost of funds, or if our Company's cost of funds does not decline at the same time or to the same extent as the decrease in yield on our Company's interest-earning assets, our Company's net interest income and net interest margin would be adversely impacted. Further, any tightening of liquidity and volatility in markets may limit our Company's access to capital markets and result in an increase in our Company's cost of funding. Continued volatility in international markets could also constrain and increase the cost of our Company's borrowings and its ability to replace maturing borrowings and fund new assets.

Furthermore, our Company is also exposed to interest rate risks as a result of lending to customers at fixed/ floating interest rates and in amounts and for periods which may differ from its funding sources. While our Company seeks to match our Company's interest rate positions to minimise interest rate risk, our Company is unable to assure you that significant variation in interest rates will not have an effect on its results of operations. Moreover, volatility in interest rates is sensitive to factors which are beyond its control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other such considerations. In a rising interest rate environment, if the yield on our Company's interest-earning assets does not increase simultaneously with or to the same extent as our Company's cost of funds, or, in a declining interest rate environment, if its cost of funds does not decline simultaneously or to the same extent as the yield on its interest-earning assets, our Company's net interest income and net interest margin would be adversely impacted and the same would adversely affect our Company's business and results of operations.

Credit quality and provisioning

Various factors, including a rise in unemployment, prolonged recessionary conditions, our Company's regulators' assessment and review of our Company's loan portfolio, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and global competition, could cause an increase in the level of our Company's non-performing assets and have a material adverse impact on the quality of our Company's loan portfolio. Consistent with the growth of its branch network and its product portfolio, our Company expects an increase in its loan assets. Should the overall credit quality of its loan portfolio deteriorate, the current level of its provisions may not be adequate to cover further increases in the amount of its NPAs. Moreover, there also can be no assurance that there will be no further deterioration in our Company's provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that it will be able to recover will be similar to our Company's past experience of recoveries of NPAs.

As of 31 December 2023, the gross value of NPAs on a consolidated basis was 1.71% of our Company's Loan Book, and the same was 1.84% as on 31 March 31, 2023. Total provisions coverage (including Stage 1 and Stage 2 provisions) on a consolidated basis is 151% as on December 31, 2023 and 167% as on March 31, 2023. If our Company is not able to prevent increases in its level of NPAs and/or if our Company's provisioning requirements are insufficient to cover our Company's non-performing loans, our Company's results of operation and financials may get adversely affected including our Company's ability to raise additional capital and debt funds at favourable terms.

Government policies and regulations

Our Company is regulated principally by and have reporting obligations to the RBI and our Company's housing finance subsidiary is regulated by and have reporting obligations to the NHB while our Company's microfinance subsidiary is regulated by and have reporting obligations to the RBI. Our Company is also subject to the corporate, taxation and other laws in effect in India. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency. Moreover, new regulations may be passed that restrict our Company's ability to do business.

Our Company cannot assure you that it will not be subject to any adverse regulatory action in the future. Further, these regulations are subject to frequent amendments and depend upon government policy. The costs of compliance may be high, which may affect our Company's profitability. If our Company is unable to comply with any such regulatory requirements, its business and results of operations may be materially and adversely affected.

Changes in fiscal, economic or political conditions in India

Since 1991, successive Indian Governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state Governments as producers, consumers and regulators remain significant factors in the Indian economy. The election of a pro-business majority Government in May 2019 marked a distinct increase in expectations for policy and economic reforms among certain sectors of the Indian economy.

There is no guarantee that the Government's reforms will work as intended, or that any such reforms would continue or succeed if there were a change in the current majority leadership in the Government or if a different government were elected in the future. General elections are due in 2024. Any future government may reverse some or all of the policy changes introduced by the current Government and may introduce reforms or policies that adversely affect the Bank. The speed of economic liberalisation is subject to change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our Company's securities continue to evolve.

Other major reforms that have been implemented are a goods and services tax, and the demonetisation of certain banknotes. Any significant change in India's economic liberalisation plans, deregulation policies or other major economic reforms could adversely affect business and economic conditions in India generally and therefore adversely affect the Bank's business, results of operation and financial condition.

Changes in the foreign exchange control regulations, interest rates and tax laws in India

As an Indian company, our Company is subject to exchange control laws that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Company's financing sources and hence could constrain our Company's ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, our Company cannot assure that the required approvals will be granted without onerous conditions, or at all. Limitations on raising foreign debt may have an adverse effect on our Company's business, results of operations and financial condition.

Our Company's financial performances are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect its net interest margin, the value of its fixed income portfolio, its income from treasury operations, the quality of loan portfolio and financial performance.

Further tax and other levies including stamp duty imposed by the central and state governments in India that affect our Company's tax liability include central and state taxes and other levies, income tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India (as applicable to us), which includes a surcharge on the tax and a health and education cess on the tax and the surcharge. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our Company's business and results of operations.

Increasing Competition

The sector in which our Company operates is highly competitive and it faces significant competition from banks and other NBFCs. Many of our Company's competitors are larger institutions, which may have much larger customer and funding sources, larger branch networks and more capital than our Company does. Some of our Company's competitors may be more flexible and better-positioned to take advantage of market opportunities. These competitive pressures affect the industry in which our Company operates as a whole, and its future success will depend in large part on our Company's ability to respond in an effective and timely manner to these competitive pressures. There can be no assurance that our Company will be able to react effectively or compete effectively with new and existing players. Increasing competition may have an adverse effect on our Company's net interest margin and other income, and if our Company is unable to compete successfully, the origination of new loans will decline and our Company may not be able to achieve its growth objectives.

SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured 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 our Company as part of the contract.

i. Interest income and dividend income

Interest income on financial instruments at amortised cost is recognised 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 recognised 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 recognised in the Statement of Profit and Loss at initial recognition.

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

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

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 derecognised 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 recognised on the date of derecognition itself as interest only strip receivable (interest strip on assignment) and correspondingly recognised as profit on derecognition of financial asset.

v. Securitisation transactions

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

vi. Other operational revenue

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

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

PPE is recognised 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 accumulated depreciation. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised 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 derecognised 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 recognised 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 recognised 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 amortisation and cumulative impairment.

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

An intangible asset is derecognised 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 recognised in the Statement of Profit and Loss when the asset is derecognised.

(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 derecognised 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 derecognised.

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 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 recognised 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised 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 recognised 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 recognised 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 recognised 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 recognised in the Statement of Profit and Loss as employee benefit expenses. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognises 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 recognise the obligation on a net basis.

Long term employee benefits: The obligation recognised 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 recognised 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.

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 recognised 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 recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised 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 recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(k) Financial instruments

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

Recognised 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 recognised immediately in the Statement of Profit and Loss.

Financial assets

Classification *and measurement*

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

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised 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 amortised cost*

Debt instruments that meet the following criteria are measured at amortised 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 amortised 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 recognised in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognised 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 amortised 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 recognised in the Statement of Profit and Loss. The gain or loss on disposal is recognised in the Statement of Profit and Loss.

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

Dividend on financial assets at FVTPL is recognised 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 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 recognised 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 recognised 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-recognised and is still in the portfolio.
Loss given default ("LGD") estimates the normalised 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
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 recognised. 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 maximise collection and minimise 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 derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The 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.

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 derecognises 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 recognises 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 recognise the financial asset and also recognises a collateralised 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 recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised 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 recognised 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 recognised 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 recognised 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 recognised in equity will be transferred to retained earnings. No gain/ loss is recognised in Statement of Profit and Loss upon conversion or expiration of the conversion option.

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 recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the convertible notes using the effective interest rate method.

Financial liabilities

All financial liabilities are subsequently measured at amortised 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 amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortised 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 amortised cost of a financial liability.

Derecognition of financial liabilities
The Group derecognises 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 derecognised and the consideration paid and payable is recognised 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 recognised 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/ utilising 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 recognised 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 recognised 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 recognised 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 recognised 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
a reliable estimate can be made of the amount of the obligation

The amount recognised 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 recognised 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 recognised nor disclosed in the consolidated financial statements.

(r) Commitments
Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
a) Estimated amount of contracts remaining to be executed on capital account and not provided for,
b) Funding related commitment to associate and joint venture companies; and
c) Other non-cancellable commitments, if any.

d) 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 unrealised 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.

e) 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.

f) 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 recognised 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 recognised 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 recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the ‘Other income’ line item.

Amounts previously recognised 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 recognised 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 recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

g) **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 recognises 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 amortised 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 recognise 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 recognises 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 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 recognises right-of-use assets and lease liabilities for these leases.

CHANGE IN ACCOUNTING POLICIES

There has been no change in accounting policies during the nine months' period ended December 31, 2023 and during the Fiscals 2023.

RESERVATIONS, QUALIFICATIONS, MATTER OF EMPHASIS, ADVERSE REMARKS / OTHER OBSERVATIONS IN CARO

Set out below are the details of the qualifications/ reservation /emphasis of matters/ adverse remarks / other observations in Companies Auditor's Report Order (CARO), 2020, (as applicable) for Fiscal 2023:

IIFL Finance Limited

"*The Company being a Non-banking Finance Company is in the business of granting loans and advances which are in the nature of loans. The schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular except accounts which are overdue are classified as special mention accounts or non-performing assets as per RBI norms.*

The total amount overdue for more than ninety days is ₹ 43.78 crores with respect to 61,207 borrowers. Based on the information and explanations given to us and in our opinion reasonable steps have been taken by the Company for recovery of principal and interest."

IIFL Home Finance Limited

"*The company is principally engaged in the business of providing loans. In respect of loans granted by the company, the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 19056 cases having loan outstanding balance at year end aggregating to ₹ 2,457.85 crores wherein the repayments of principal and interest are not regular. Having regard to the nature of the company's business and the volume of information involved, it is not practicable to provide an itemized list of loan assets where repayment of principal and interest have not been regular.*

In respect of loans granted by the company, the total amount overdue for more than 90 days as at the balance sheet date are as under:

No. of cases	***Principal amount overdue (₹ crores)***	***Interest overdue (₹ crores)***	***Total overdue (₹ crores)***
2,983	*10.53*	*64.80*	*75.33*

According to information and explanation given to us and the records examined by us, the company has taken reasonable steps to recover the principal and interest amount.

According to the information and explanations given to us, and on the basis of examination of the books of account of the company examined by us, in our opinion, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it except for significant delays in discharge of quarterly Advance Income Tax liabilities and certain instances of short pay-outs of Professional Tax, Provident Fund and Advance Income Tax liabilities as at the year end which are not yet discharged. According to information and explanations given to us, following undisputed amount payable in respect of Provident Fund and Professional Tax were outstanding, at the year end, for a period of more than six months from the date they became payable

Name of the Statute	***Nature of the Dues***	***Amount in (₹)***	***Period to which the***	***Due Date***	***Date of payment****	***Remarks, if any***

			amount relates			
Employees Provident Fund Organisation	*Provident Fund*	*2,336*	*Apr-2022*	*15-May-22*	*-*	*Short Payment*
		10,007	*Jun-2022*	*15-Jul-22*		
		8,680	*Jul-2022*	*15-Aug-22*		
		52,131	*Aug-2022*	*15-Sep-22*		
		1,07,077	*Sep-2022*	*15-Oct-22*		
Professional Tax Authority Gujarat	*Professional Tax*	*1,400*	*Apr-22*	*31-May-22*	*-*	
		1,400	*May-22*	*30-Jun-22*		
		1,200	*Jun-22*	*31-Jul-22*		
		1,800	*Jul-22*	*31-Aug-22*		
		2,400	*Aug-22*	*30-Sep-22*		
		2,600	*Sep-22*	*31-Oct-22*		

**As of the date of the report*

IIHFL Sales Limited

"*According to the information and explanations given to us, and on the basis of examination of the books of account of the company examined by us, in our opinion, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance(ESIC) , income tax, goods and service tax, cess and other material statutory dues applicable to it except there have been significant delays in payment of Labour welfare Funds and Professional Tax for certain states. According to information and explanations given to us, following undisputed amount payable in respect of Professional Tax were outstanding, at the year end, for a period of more than six months from the date they became payable*

Name of the Statute	***Nature of the Dues***	***Amount in (₹)***	***Period to which the amount relates***	***Due Date***	***Date of payment****	***Remarks, if any***
PT Gujarat	*Professional Tax*	*2,900*	*Jan-22*	*28-Feb-22*	*-*	*-*
PT Gujarat	*Professional Tax*	*6,000*	*Feb-22*	*31-Mar-22*	*-*	*-*
PT Gujarat	*Professional Tax*	*6,800*	*Mar-22*	*30-Apr-22*	*-*	*-*
PT Gujarat	*Professional Tax*	*5,200*	*Apr-22*	*31-May-22*	*-*	*-*
PT Gujarat	*Professional Tax*	*3,400*	*May-22*	*30-Jun-22*	*-*	*-*
PT Gujarat	*Professional Tax*	*3,800*	*Jun-22*	*31-Jul-22*	*-*	*-*
PT Gujarat	*Professional Tax*	*4,400*	*Jul-22*	*31-Aug-22*	*-*	*-*
PT Gujarat	*Professional Tax*	*5,400*	*Aug-22*	*30-Sep-22*	*-*	*-*
PT Gujarat	*Professional Tax*	*6,400*	*Sep-22*	*31-Oct-22*	*-*	*-*
PT Tamil Nadu	*Professional Tax*	*20,465*	*Dec-21 to March 22*	*01-Apr-22*	*-*	*-*
PT Tamil Nadu	*Professional Tax*	*76,595*	*Apr-22 to Sep 22*	*01-Oct-22*	*-*	*-*

**As of the date of the report*

IIFL Samasta Finance Limited

"In respect of the aforesaid loans and advances in nature of loans, the schedule of repayment of principal and payment of interest have been stipulated by the company. Considering that the company is a Non-Banking Financial company engaged in the business of granting loans in the micro finance industry, the details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020

issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been detailed hereunder because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the company's business.

Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the company has recognized necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

According to the information and explanations given to us and on the basis of our examination of the records of the company, ₹117.52 Crores amount overdue for more than ninety days."

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Income

Our Income comprises of:

Revenue from operations

Revenue from operations comprises of (i) interest income; (ii) fee and commission income; (iii) net gain on fair value change on financial instruments; (iv) Net gain on derecognition of financial instruments under amortized cost category and (v) dividend income.

Interest Income

Interest income mainly comprises of the income earned by way of lending. It also includes interest earned on various investments done by the group.

Dividend Income

Dividend Income comprises dividend from any investments

Fees and commission income

Fees and commission income consists of items like fees on co lending, cross sell income and insurance commission etc.

Net gain on fair value changes

Net gain on fair valuer changes represents the realised and unrealised gains on the investments held by the Group under the category of fair value through profit or loss.

Net gain on derecognition of financial instruments under amortized cost category

Net gain on derecognition of financial instruments under amortised cost category has two components mainly, first being the interest strip on assignment of loans and second being the bad debts written off (net)

Other Income

Other income primarily comprises of interest on income tax refund, profit on sale of fixed assets etc.

Expenses

Our expenses primarily comprise (i) finance costs; (ii) Net loss on derecognition of financial instruments under amortized cost; (iii) category impairment of financial instruments; (iv) employee benefits expense; (v) depreciation and amortisation expense; and (vi) other expenses.

Finance costs

Finance cost comprises of interest on borrowings, debts securities, subordinated liabilities, unwinding interest on lease liabilities, and other finance costs.

Net loss on derecognition of financial instruments under amortized cost

Net loss on derecognition is towards interest strip amortisation asper IND AS on direct assignment deals.

Impairment on financial instruments

Impairment on financial instruments represents the provisions made against the financial assets such as loans and advances, trade receivables etc

Employee benefit expense

Employee benefit expense consists of salaries, wages, bonus, contribution to provident fund & other funds, employee stock option expense and staff welfare expenses.

Depreciation, Amortization and Impairment Expense

Depreciation and amortization expense comprise of depreciation expense of lease assets, plant and equipment, furniture & fixture, office equipment, computers.

Other expenses

Other expenses comprise of expenses related to legal and professional services availed from the experts, direct operating activities of loans, advertisement and marketing, security, travel and conveyance, software, repairs and maintenance etc.

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax charge / (credit) is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Results of our Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Nine-month period ended December 31, 2023 compared to nine-month period ended December 31, 2022

(in ₹ crore)

	Particulars	Nine-month period ended December 31, 2023	% of total income	Nine-month period ended December 31, 2022	% of total income
1.	**Income**				
	Revenue from operations				
	Interest Income	7,118.96	93.82%	5,315.96	86.14%
	Dividend Income	0.04	0.00%	0.00	0.00%
	Fees and commission income	273.52	3.60%	136.03	2.20%
	Net gain on fair value changes	19.53	0.26%	118.95	1.93%

	Particulars	Nine-month period ended December 31, 2023	% of total income	Nine-month period ended December 31, 2022	% of total income
	Net gain on derecognition of financial instruments under amortized cost category	-	-	507.00	8.22%
	Total revenue from operations	**7,412.05**	**97.68%**	**6,077.94**	**98.49%**
	Other Income	175.83	2.32%	93.16	1.51%
	Total income	**7,587.88**	**100.00%**	**6,171.10**	**100.00%**
2.	**Expenses**				
	Finance Costs	2,808.50	37.01%	2,361.26	38.26%
	Net loss on derecognition of financial instruments under amortized cost category	47.86	0.63%	-	0.00%
	Impairment on financial instruments	675.69	8.90%	657.87	10.66%
	Employee benefits expenses	1,229.20	16.20%	963.95	15.62%
	Depreciation, amortisation and impairment	130.32	1.72%	110.50	1.79%
	Other Expenses	678.09	8.94%	559.02	9.06%
	Total expenses	**5,569.66**	**73.40%**	**4,652.60**	**75.39%**
3.	**Profit/(Loss) before exceptional items and Tax**	**2,018.22**	**26.60%**	**1,518.50**	**24.61%**
4.	**Profit/(Loss) before Tax and after exceptional items**	**2,018.22**	**26.60%**	**1,518.50**	**24.61%**
5.	**Tax Expenses**	**474.63**	**6.26%**	**368.50**	**5.97%**
6.	**Net Profit/(Loss) for the period/year**	**1,543.59**	**20.34%**	**1,150.00**	**18.64%**
7.	**Other Comprehensive Income/(Loss) for the period**	**(10.75)**	**(0.14)%**	**28.20**	**0.46%**
8.	**Total Comprehensive Income/(Loss) for the period**	**1,532.84**	**20.20%**	**1,178.20**	**19.09%**

Total Income

Our total income increased by 22.96% to ₹7,587.88 crores for the nine-month period ended December 31, 2023 from ₹6,171.10 crores for the nine-month period ended December 31, 2022. The changes are due to following reasons:

Revenue from operations

Our revenue from operations increased by 21.95% to ₹7,412.05 crore for the nine-month period ended December 31, 2023 from ₹6,077.94 crores for the nine-month period ended December 31, 2022 primarily because of increase in average AUM by 30.10% and lower gain on Fair Value changes on Investments

Interest Income

Our interest income increased by 33.92% to ₹7,118.96 crore for the nine-month period ended December 31, 2023 from ₹5,315.96 crores for the nine-month period ended December 31, 2022 primarily because of increase in average AUM by 30.10% and portfolio yield by ~1.22%.

Dividend Income

Our dividend income was increased to ₹0.04 crore for the nine-month period ended December 31, 2023 from ₹0.00 crores for the nine-month period ended December 31, 2022.

Fees and commission income

Our income from fees and commissions increased by 101.07% to ₹273.52 crore for the nine-month period ended December 31, 2023 from ₹136.03 crores for the nine-month period ended December 31, 2022 primarily because of increase in fees on co lending and increase in cross sell as well as insurance commission.

Net gain on fair value changes

Our net gain on fair value changes was ₹19.53 crore for the nine-month period ended December 31, 2023 compared to ₹118.95 crores for the nine-month period ended December 31, 2022. This decrease was due to lower gain on Fair Value changes on Investments.

Net gain/(loss) on derecognition of financial instruments under amortized cost category

Our net gain on derecognition of financial instruments under amortized cost category was ₹507 crore for the nine-month period ended December 31, 2023 compared to net (loss) on derecognition of financial instruments under amortized cost category ₹(47.86) crores for the nine-month period ended December 31, 2022.

Other income

Our other income increased by 88.74% to ₹175.83 crore for the nine-month period ended December 31, 2023 from ₹93.16 crores for the nine-month period ended December 31, 2022. The increase is attributable to one off gain on sale of premises.

Expenses

Our total expenses increased by 19.71% to ₹ 5,569.66 crore for the nine-month period ended December 31, 2023 from ₹4,652.60 crores for the nine-month period ended December 31, 2022, due to following reasons:

Finance cost

Our finance cost increased by 18.94% to ₹2,808.50 crores for nine-month period ended December 31, 2023 from ₹2,361.26 crores for nine-month period ended December 31, 2022 due to increase in average borrowings by 15% and increase in the cost of funds.

Impairment on financial instruments

Our impairment on financial instruments was ₹675.69 crores for nine-month period ended December 31, 2023 compared to ₹657.87 crores for nine-month period ended December 31, 2022.

Employee benefit expense

Our employees benefit expense increased by 27.52% to ₹1,229.20 crore for nine-month period ended December 31, 2023 from ₹ 963.95 crores for nine-month period ended December 31, 2022 primarily on account of increase in headcount by 20% and increase in employee stock option cost.

Depreciation, amortisation and impairment expense

Our depreciation and amortisation expenses increased by 17.94% to ₹130.32 crore for nine-month period ended December 31, 2023 from ₹110.50 crores for nine-month period ended December 31, 2022 due to change in fixed assets mix

Other Expenses

Our other expenses increased by 21.30% to ₹678.09 crore for nine-month period ended December 31, 2023 from ₹559.02 crores for nine-month period ended December 31, 2022, primarily due to increase in branding spends and increase in branch rent due to increase in count of branches.

Profit/(Loss) before tax for the period

Our profit before tax increased by 32.91% to ₹ 2,018.22 crore for nine-month period ended December 31, 2023 from ₹1,518.50 crores for nine-month period ended December 31, 2022, primarily due to increase in AUM.

Tax Expenses

Our tax expenses increased by 28.80% to ₹ 474.63 crore for nine-month period ended December 31, 2023 from ₹368.50 crores for nine-month period ended December 31, 2022, primarily due to increase in profit by 32.91%.

Profit/(Loss) for the period after tax

Our profit for the nine month the period ended December 31, 2023 stood at ₹1,543.59 crores as compared to profit of ₹1,150.00 crores for nine-month period ended December 31, 2023 due to the abovementioned reasons.

Period ended March 31, 2023 compared to period ended March 31, 2022

(in ₹ crore)

	Particulars	Fiscal 2023	% of total income	Fiscal 2022	% of total income
1.	**Income**				
	Revenue from operations				
	Interest Income	7,369.27	87.24%	6,134.53	87.34%
	Dividend Income	-	-	-	-
	Fees and commission income	228.52	2.71%	153.20	2.18%
	Net gain on fair value changes	147.25	1.74%	155.77	2.22%
	Net gain on derecognition of financial instruments under amortized cost category	513.81	6.08%	411.23	5.85%
	Total revenue from operations	**8,258.85**	97.77%	**6,854.73**	97.60%
	Other Income	188.26	2.23%	168.88	2.40%
	Total income	**8,447.11**	100.00%	**7,023.61**	100.00%
2.	**Expenses**				
	Finance Costs	3,221.83	38.14%	2,991.00	42.58%
	Net loss on derecognition of financial instruments under amortized cost category	934.99	11.07%	904.22	12.87%
	Impairment on financial instruments	(68.86)	-0.82%	0.59	0.01%
	Employee benefits expenses	1,329.50	15.74%	930.74	13.25%
	Depreciation, amortisation and impairment	152.59	1.81%	121.70	1.73%
	Other Expenses	764.54	9.05%	539.38	7.68%
	Total expenses	**6,334.59**	74.99%	**5,487.63**	78.13%
3.	**Profit/(Loss) before exceptional items and Tax**	**2,112.52**	25.01%	**1,535.98**	21.87%
4.	**Exceptional Items**	-	-	-	-
5.	**Profit/(Loss) before Tax and after exceptional items**	**2,112.52**	25.01%	**1,535.98**	21.87%
6.	**Tax Expenses**	**504.97**	5.98%	**347.73**	4.95%
7.	**Net Profit/(Loss) for the period/year**	**1,607.55**	19.03%	**1,188.25**	16.92%
8.	**Other Comprehensive Income/(Loss) for the period**	**32.19**	0.38%	**9.21**	0.13%
9.	**Total Comprehensive Income/(Loss) for the period**	**1,639.74**	19.41%	**1,197.46**	17.05%

Total Income

Our total income increased by 20.27% to ₹8,447.11 crores for Fiscal 2023 from ₹7,023.61 crores for Fiscal 2022. The changes are due to following reasons:

Revenue from operations

Our revenue from operations increased by 20.48% to ₹8,258.84 crore for Fiscal 2023 from ₹6,854.73 crores for Fiscal 2022 primarily because of increase in average AUM by 16.87%.

Interest Income

Our interest income increased by 20.13% to ₹7,369.27 crore for Fiscal 2023 from ₹ 6,134.53 crores for Fiscal 2022 primarily because increase in average AUM by 16.87%.

Fees and commission income

Our income from fees and commissions increased by 49.16% to ₹228.52 crore for Fiscal 2023 from ₹153.20 crores for Fiscal 2022 primarily because of increase in fees on co lending, cross sell income and insurance commission.

Net gain on fair value changes

Our net gain on fair value changes was ₹147.25 crore for Fiscal 2023 compared to ₹ 155.77 crores for Fiscal 2022. This decrease was due to lower gain on Fair Value changes on Investments.

Net gain on derecognition of financial instruments under amortized cost category

Our net gain on derecognition of financial instruments under amortized cost category was ₹513.81 crore for Fiscal 2023 compared to ₹411.23 crores for Fiscal 2022 primarily due to increase in direct assignment deals.

Other income

Our other income increased by 11.48% to ₹188.26 crore for Fiscal 2023 from ₹168.88 crores for Fiscal 2022.

Expenses

Our total expenses increased by 15.43% to ₹6,334.59 crore for Fiscal 2023 from ₹5,487.63 crores for Fiscal 2022, due to following reasons:

Finance cost

Our finance cost increased by 7.72% to ₹3,221.83 crores for Fiscal 2023 from ₹2,991.00 crores for Fiscal 2022 due to increase in average borrowings by ~6%

Net loss on derecognition of financial instruments under amortized cost category

Our net loss on derecognition of financial instruments under amortised cost category was ₹934.99 crores for Fiscal 2023 from ₹904.22 crores for Fiscal 2022due to minor increase in write off in microfinance books.

Impairment on financial instruments

Our impairment on financial instruments was ₹(68.86) crores for Fiscal 2023 compared to ₹0.59 crores for Fiscal 2022 due to provision release on account of write offs and lower non performing assets.

Employee benefit expense

Our employees benefit expense increased by 42.84% to ₹1,329.50 crore for Fiscal 2023 from ₹930.74 crores for Fiscal 2022 due to increase in average headcount by 33% and increase in staff incentives due to increase in business volumes.

Depreciation, amortisation and impairment expense

Our depreciation and amortisation expenses increased/decreased by 25.38% to ₹ 152.59 crore for Fiscal 2023 from ₹ 121.70 crores for Fiscal 2022.

Other Expenses

Our other expenses increased by 41.74% to ₹764.54 crore for Fiscal 2023 from ₹539.38 crores for Fiscal 2022, primarily due to increase in headcount resulting in higher travelling cost, increase in direct operating expenses due to business volume and higher marketing cost.

Profit/(Loss) before tax for the year

Our profit before tax increased by 37.54% to ₹ 2,112.52 crore for Fiscal 2023 from ₹ 1,535.98 crores for Fiscal 2022, primarily due to increase in AUM and spread.

Tax Expenses

Our tax expense increased by 45.22% to ₹ 504.97 crore for Fiscal 2023 from ₹ 347.73 crores for Fiscal 2022, primarily due to increase in profit.

Profit/(Loss) for the year after tax

Our profit for Fiscal 2023 stood at ₹1,607.55 crores as compared to loss of ₹1,188.25 crores for Fiscal 2022 due to the abovementioned reasons.

Liquidity and Capital Resources

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

(in ₹ crore)

Particulars	**Fiscal 2023**	**Fiscal 2022**
Net cash (used in) / generated from operating activities	(4,940.56)	1,783.73
Net cash (used in) / generated from investing activities	(2,730.45)	(995.79)
Net cash (used in) / generated from financing activities	5,090.04	2,780.80
Net increase / (decrease) in cash and cash equivalents	(2,580.97)	3,568.74
Cash and cash equivalents at the beginning of the year	6,211.64	2,642.90
Cash and cash equivalents at the end of the year	3,630.67	6,211.64

Operating activities

Fiscal 2023

Net cash (used in) operating activities was ₹ (4,940.56) for Fiscal 2023. While our profit before tax was ₹ 2,112.52 crore for Fiscal 2023, our operating profit before working capital changes stood at ₹ 2,339.19 crore. This was primarily due to increase in loan disbursals by the Group, decrease in financial and non-financial liabilities and taxes paid.

Fiscal 2022

Net cash generated from operating activities was ₹ 1,783.73 for Fiscal 2022. While our profit before tax was ₹ 1,535.98 crore for Fiscal 2022, our operating profit before working capital changes stood at ₹ 1,509.58 crore. This was primarily due to increase in financial and non-financial liabilities, offset by the taxes paid.

Investing Activities

Fiscal 2023

Net cash (used in) investing activities was ₹ (2,730.45) crores in Fiscal 2023, which consisted of in investments made by the Group in security receipts, certificate of deposits, commercial papers, bonds etc. during the year. Also, the group has invested in deposits placed with banks and towards the acquisition of property, plant and equipment and other intangible assets.

Fiscal 2022

Net cash (used in) investing activities was ₹ (995.79) crores in Fiscal 2022, which consisted of Investments in AIF, security receipts etc. and acquisition of property, plant and equipment and other intangible assets. This was offset by the proceeds from maturity of deposits placed with the banks.

Financing Activities

Fiscal 2023

Net cash generated from financing activities in Fiscal 2023 was ₹ 5,090.04 crore, which was due to proceeds received from the issue of fresh equity shares in the subsidiary IIFL Home Finance Limited and higher borrowings to cater the increasing demand of the loan disbursals by the Group and for the overall business growth. The same was offset by dividend paid to the shareholders of the parent Company.

Fiscal 2022

Net cash generated from financing activities in Fiscal 2022 was ₹ 2,780.80 crore, which was due to increase in borrowings to cater the future growth of the Group. The same was offset by the dividend paid to the shareholders of the parent Company and payment towards the lease liability.

Capital adequacy requirements

IIFL Finance Limited	**Dec-23**	**Mar-23**	**Mar-22**
Tier I	12.54%	12.85%	16.02%
Tier II	7.09%	7.53%	7.83%
CRAR	**19.63%**	**20.38%**	**23.85%**

IIFL Home Finance Limited	**Dec-23**	**Mar-23**	**Mar-22**
Tier I	40.08%	39.24%	21.10%
Tier II	5.75%	8.04%	9.38%
CRAR	**45.83%**	**47.28%**	**30.48%**

IIFL Samasta Finance Limited	**Dec-23**	**Mar-23**	**Mar-22**
Tier I	18.46%	13.49%	15.85%
Tier II	5.76%	3.65%	1.98%
CRAR	**24.22%**	**17.14%**	**17.83%**

Contingent Liabilities

Particulars	**As at March 31, 2023** ***(in ₹ crore)***
In respect of Income tax demands (refer note a and b)	79.51
In respect of Service tax/ GST demands (including interest accrued and refer note c)	65.84
In respect of Profession Tax demands (refer note d)	0.16

In respect of Bank guarantees given (refer note e)	584.94
In respect of Corporate guarantees given	23.34
In respect of legal case/ penalties/others	1.17
Contingent liability in respect of credit enhancement for securitisation transaction	79.95
In respect of Stamp Duty (refer note f)	16.66
Commitments not provided for:	
Commitments related to loans sanctioned but undrawn	2,139.07
Estimated amount of contracts remaining to be executed on capital and operating account	19.90
Commitments related to alternate investment funds	9.77

Notes:
(a) The Group has filed appeal against the said demands raised by the Income Tax Department.
(b) Amount paid under protest with respect to income tax demand is ₹ 71.34 crores .
I Amount paid under protest with respect to service tax demand, ₹ 1.89 crores and with respect to GST demand, ₹ 0.12 crores.
(d) Amount paid under protest with respect to profession tax demand, ₹ 0.05 crores.
(e) Guarantee has been given on behalf of subsidiary.
(f) 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 resulting companies i.e. IIFL Finance Limited, IIFL Securities Limited and 360 One WAM Limited (formerly known as IIFL Wealth Management Limited) equally. The Group 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, group is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Group's financial position.

For details regarding our contingent liabilities as per Ind AS 37 for the Financial Year 2023, see "*Financial Statements*" beginning on page 79.

Related Party Transactions

For details, please see the chapter titled "*Financial Statements*" beginning on page 79.

Significant developments after December 31, 2023 that may affect our future results of operations

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, non circumstances have arisen since December 31, 2023, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

Pursuant to the RBI order dated March 4, 2024, we have received an RBI order dated March 4, 2024, whereby we have been directed to cease, with immediate effect, further operations in respect of our gold loan accounts. The stay on operations is effective till completion of a special audit by RBI and rectification of shortcomings to the satisfaction of RBI. We have however, been permitted to continue servicing our existing gold loan accounts. For details of the risks in relation to cessation of fresh disbursals in our gold loan business, see "*Risk Factors – We cannot sanction or disburse gold loans or assign/ securitise/ sell any of our existing gold loans pursuant to recent RBI order dated March 4, 2024, till conclusion of a special RBI audit*"

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company and our Subsidiaries are subject to various legal proceedings from time to time, primarily arising in the ordinary course of business.

*All outstanding civil and tax proceedings involving our Company and its Subsidiaries and all outstanding proceedings in relation to violation of statutory regulations by our Company and its Subsidiaries, where the amount involved in such proceedings is equivalent to or in excess of 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Company, which is determined to be ₹59.28 crore, adopted by the Securities Issue Committee through its resolution dated April 8, 2024 (“**Materiality Threshold**”), in conformity with the ‘Policy for determination of Materiality of Information or Events’ (“**Materiality Policy**”) framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by our Board, have been disclosed in this section. Additionally, all outstanding matters involving our Company or Subsidiaries, where the amount involved, either does not meet the Materiality Threshold or is unquantifiable, but which are material in the opinion of our Board or where an adverse outcome may result in material or adverse impact on the operations or financial position of our Company or Subsidiaries, have been disclosed in this section.*

Further, except as disclosed in this section, there are no outstanding matters involving our Company and Subsidiaries which: (i) if they result in an adverse outcome, would have a material or adverse impact on the operations or the financial position of our Company; (ii) involve issues of moral turpitude or criminal liability; (iii) involve material violations of statutory regulations; (iv) involve economic offences where proceedings have been initiated.

Pre-litigation notices received by our Company and/or our Subsidiaries from third parties (excluding notices pertaining to any offence involving moral turpitude, notices threatening criminal liability or notices relating to economic offences) shall not be evaluated for materiality until such time our Company and/or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.

Outstanding proceedings involving our Company

Outstanding proceedings involving issues of moral turpitude or criminal liability against our Company

1. Manju Rajesh had filed a criminal complaint bearing number C.M.P. No. 1479/2018 dated November, 30 2018, before the Judicial Magistrate First Class, Chengannur (“**Complaint**”), against our Company and one of our director, Nirmal Jain under Section 190 of the Code for Criminal Procedure, 1973 levelling charges under Section 420 and 34 of the Indian Penal Code, 1860 alleging cheating for not returning the pledged gold. We, along with our director Nirmal Jain, are contesting the said Complaint and we have filed a petition under Section 482 of the Criminal Procedure Code before the High Court of Kerala at Ernakulam for quashing of the Complaint. Pursuant to an interim order dated December 3, 2018, all further proceedings in the matter have been stayed. The interim relief in the matter has been extended until further orders. The matter is currently pending before the High Court of Kerela.

2. A first information report was lodged upon the complaint of Sushil Jainarayan Karva at Pune Police Station under Sections 465, 467, 468, 471 and 34 of the Indian Penal Code, 1860 against India Infoline Finance Limited, Nirmal Jain, R. Venkataraman and other directors alleging that India Infoline Finance Limited did not reduce the EMI amount and share the revised repayment schedule, despite Sushil Jainarayan Karva and other co-borrowers having repaid substantial loan amount. It was also alleged that one of the co-borrowers sold one of the mortgaged property only for ₹ 70,000 to our Company without the permission of Sushil Jainarayan Karva. It was further alleged that our Company has misused the blank cheques given as security and has filed multiple cases complaints under Section 138 of the Negotiable Instruments Act, 1881 in Gurgaon court for dishonour of cheque. The police filed the closure report treating the matter as civil in nature and the matter is pending before court.

3. A first information report has been filed under Sections 406, 420, 445, 453, 409 and 120(b) of the Indian Penal Code, 1860 read with Sections 7, 9 and 13 of the Prevention and Corruption Act, 1988 by Sunil Shinde, on behalf of Ultra Space Developers Private Limited, JVPD One Builder LLP, Wadhawan Lifestyle Retail Private Limited, Wadhawan Retail Private Limited, Wadhawan Holdings Private Limited and RKW Developers Private Limited (“**Borrowers**”) against IIFL Facilities Services Limited, Chaudhri Hotels

Private Limited, our Company and its directors at Chembur police station. It is alleged that our Company along with IIFL Facilities Services Limited has illegally transferred and sold the properties mortgaged by them as security cover for the loan obtained by Borrowers. We have filed quashing petitions before the Bombay High Court. The matter is currently pending.

4. A first information report was registered upon the complaint of Muneer Gazi at Boisar police station, Maharashtra under Sections 409,420, 467, 471 read with section 34 of the Indian Penal Code, 1860 against our Company, Nirmal Jain, R. Venkataraman and others. Muneer Gazi alleged that he owns certain parcel of land in Palghar, Maharashtra and had entered into a development agreement with Gold Star Realtors Limited to develop the said land and subsequently, Gold Star Realtors Limited entered into an arrangement with respect to the said land with JE Marketing. Further JE Marketing availed a secured loan facility from our Company against the parcel of land. It was further alleged that they had terminated the arrangement with Gold Star Realtors Limited thus nullifying the arrangement between JE Marketing and Goldstar Realty rendering the symbolic possession of the land under SARFAESI invalid. Our Company has filed a quashing petition before the Bombay High Court. The matter is currently pending.

5. Asset Care & Reconstruction Enterprise Limited has filed a criminal complaint under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881 before the Chief Metropolitan Magistrate, Ballard Pier, Mazgaon against our Company for alleged dishonour of repayment instrument amounting to ₹ 15.00 crores which was issued by our Company to secure payment of management fee payable to Asset Care & Reconstruction Enterprise Limited for certain arrangement pursuant to a trust deed entered into between the parties. The matter is currently pending before the court.

6. Sanjeev Kumar Singh has filed criminal application before J.M.F.C, Thane against our Company, R Venkataraman, Nirmal Jain and certain others ("**Accused**") for registration of a first information report under Section 403, 406, 420, 467, 468, 471,472,474 ,120(b) and 34 of Indian Penal Code, 1860 alleging that he was a successful bidder of 2 houses in an auction conducted by our Company and thereafter applied for a loan but the loan amount disbursed to him and the EMI amount deducted is higher than the amount agreed. The Court has passed an order directing Kasarwadi Police Station to register a first information report against the Accused and investigate the matter. Our Company and others have filed a criminal writ petition for quashing the FIR. The matter is currently pending.

7. A first information report was filed by Manoj R Kumar before Hari Parvat police station, Agra under Sections 420, 120B and 506 of the India Penal Code, 1860, alleging our Company has charged excessive rate of interest in the loan availed by him and has filled in the blank cheques provided as security with the intention that they bounce and initiated proceedings for the same. Consequently, the matter was settled with Manoj R Kumar on an amount of ₹ 0.18 crores and a settlement deed was executed in month of July 2020. The first information report has also been quashed by the High Court of Allahabad. The closure report is pending in the matter.

8. In relation to our gold loan portfolio, 6 first information reports have been lodged by various borrowers against our Company for offences under Sections *inter alia* 34, 120B, 294, 406, 409, 418, 420 of Indian Penal Code, 1860. The said matters are under investigation by various police stations and pending trials.

Outstanding criminal proceedings initiated by our Company

1. Our Company has lodged a first information report against Uttam Kumar Asrani for cheating under Sections 420, 406, 463, 464, 467, 468, 471, 120B of the Indian Penal Code, 1860. Uttam Kumar Asrani had obtained a mortgage loan against a property and have defaulted on payments in relation to the same. The matter is pending for further investigation by the concerned officers.

2. Our Company has filed an appeal before the Prevention of Money Laundering Act, 2002, Appellate Tribunal ("**PMLA AT**"), Delhi against the order passed by the Prevention of Money Laundering Act, 2002, Tribunal. Wherein, the Enforcement Directorate, Chandigarh, had attached the property which is mortgaged with IIFL and passed an order provisional attachment of the property. We had initiated SARFAESI proceedings due to the alleged non-repayment in relation to a loan availed by the Arvind Casting. The matter is pending before the PMLA Appellate Tribunal, Delhi.

3. A first information report has been registered by our Company against Shattaf Constructions Company and Shrenik Siroya ("**Accused**") under Sections 403, 420 and 120B of the Indian Penal Code, 1860. It is alleged

that the Accused had misused the loan obtained from our Company for commercial construction. The matter is currently pending for further investigation.

4. As of the date of this Letter of Offer, our Company has lodged 120 first information reports against various borrowers and other persons for offences under Sections 395, 405, 406, 409, 415, 419, 420, 441, 447, 467, 468, 471, 120(b), 156(3) and 34 of Indian Penal Code, 1860, in relation to our gold loan portfolio. The said first information reports are under investigation by various police stations and pending trials.

5. As of the date of this Letter of Offer, our Company has initiated 8098 proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881 and/or Section 25 of the Payment and Settlement Systems Act, 2007 for dishonour of cheques / electronic clearing system in various courts. The matters are pending before various courts at various stages of adjudication.

6. As of the date of this Letter of Offer, our Company has filed 19 proceedings against defaulting customers under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques, in various courts, as part of our gold loan portfolio and loan against securities portfolio. The matters are pending before various courts at various stages of adjudication

Outstanding material tax proceedings involving our Company

A show cause notice dated September 19, 2014 has been issued to our Company demanding Service Tax amounting to ₹ 17.79 crore plus interest and penalty totalling to ₹ 50.59 crore as on March 31, 2023 for the period July 1, 2012 to March 31, 2014 on the brokerage income earned from FII clients considering the same as taxable income. However, our Company has treated such brokerage income as an exempt income while filling its service tax return. The department has confirmed the said service tax demand on such FII Brokerage by issuing and order dated January 10, 2019. Our Company has litigated the said addition and has filed an appeal against the order of the Service Tax authorities before the CESTAT Mumbai. The matter is pending for disposal before CESTAT Mumbai.

Outstanding regulatory or statutory proceedings initiated against our Company

1. An inspection of our Company was carried out by the RBI with reference to our financial position as on March 31, 2023 wherein certain material supervisory concerns were observed by the RBI in the gold loan portfolio of our Company, including serious deviations in assaying and certifying purity and net weight of the gold at the time of sanction of loans and at the time of auction upon default; breaches in loan-to-value ratio; significant disbursal and collection of loan amount in cash far in excess of the statutory limit; non-adherence to the standard auction process; and lack of transparency in charges being levied to customer accounts, etc. Pursuant to the RBI order dated March 4, 2024, we have received an RBI order dated March 4, 2024, whereby we have been directed to cease, with immediate effect, further operations in respect of our gold loan accounts. The stay on operations is effective till completion of a special audit by RBI and rectification of shortcomings to the satisfaction of RBI. We have, however, been permitted to continue servicing our existing gold loan accounts. The matter is currently pending.

2. A direction dated July 17, 2018 was received by our Company from Pension Fund Regulatory and Development Authority ("**PFRDA**"), listing out the required actions to be complied with, in regard to pending amount of ₹ 0.08 crore by the subscribers' deposits with our Company as registered point of presence for National Pension Scheme as on March 31, 2018. In this regard, our Company had transferred the un-reconciled balance payment along with penalty as required to PFRDA account and initiated the deregistration process. Further, with regards to the one time settlement and deregistration process, our Company has received an email on April 16, 2024 to furnish supporting documents for confirmation. The matter is pending.

3. Our Company has received an inspection notice dated March 28, 2024 from the Office of the Regional Director, Ministry of Corporate Affairs, Government of India, under Section 206(5) of the Companies Act, 2013. Pursuant to the inspection notice, it has been stated that during th¢ course of inspection of the books of accounts, records and other statutory documents carried out under section 206(5) of the Companies Act, 2013, certain non compliances/ irregularities post the issuance of non-convertible debentures by our Company such as non-filing of PAS-4 and PAS-2 under e-form GNL-2 as per the provisions of Section 42 (3) of the Companies Act, 2013 read with to the Rule 12(2) of the Companies (Registration Offices and Fees) rules, non-filing of e-MGT-14 as per the provisions Section 117 read with Section 179(3)I of the Companies Act, 2013, non-filing of Form PAS-3 violating the provision of Section 42(8) read with Rule 14 of

Companies (Prospectus and Allotment of Securities), Rules, 2014, non-filing of form charge-9 violating the provisions of Section 77 of the Companies Act, 2013 read with Rule 3(1) of the Companies (Registration of Charges) Rules, 2018, were observed and consequently our Company and its officers are liable for penal action. We are in the process of replying to the notice. The matter is currently pending.

Other pending matters against our Company which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Company

Nil

Economic offences where proceedings have been initiated against our Company

1. A first information report dated September 30, 2013 ("**Complaint**") was lodged by Pankaj Saraf, an investor in National Spot Exchange Limited ("**NSEL**"), at the MRA Marg Police Station, Mumbai against NSEL and other brokers, including IIFL Commodities Limited, alleging *interalia*, criminal conspiracy, fraud and criminal breach of trust, under Sections 409, 465, 467, 468, 471, 474, 477 (A) of the Indian Penal Code, 1860. In this matter, Economics Offences Wing, Mumbai, has filed its final chargesheet on December 2, 2022. Post this, NSEL and Arvind Bahl, one of the client of IIFL Commodities Limited moved an application to implead our Director Nirmal Jain, in his capacity as a former director of IIFL Commodities Limited, our Company as promoter of IIFL Commodities Limited along with certain other individuals as accused. Against the said order, our Company and our Director, Nirmal Jain have filed an appeal before the Bombay High Court. The Bombay High Court granted a stay against the said order. The matter is currently pending.

2. A first information report was filed by Shvarinder Singh Kathuria ("**Complainant**") before the Economic Offences Wing, Delhi against our Company under Sections 420, 406 and 120B of the Indian Penal Code, 1860. It was alleged that Complainant had purchased some property upon advice of AVJ Developers Private Limited and others ("**Borrowers**"). However, overtime the Borrowers failed to provide updated on the status of the property. Further the Complainant discovered that the Borrowers have mortgaged the property purchased by the Complainant with our Company. It was alleged that our Company and the Borrowers have acted in collusion and defrauded the Complainant. The matter is currently pending investigation.

3. A first information report dated August 02, 2019 was filed by Vinay Jain before the Economic Offences Wing, Delhi against IIFL Finance Limited, Nirmal Bhanwarlal Jain, R. Venkataraman and certain other persons under Section 420, 465, 468, 471, and 120B of the India Penal Code, 1860. It was alleged that the mortgaged property was wrongfully taken over with an intention to grab the property due to its escalated principal value. The police has concluded the investigation and filed a closure report. Vinay Jain has filed a protest petition against the closure report and the matter is currently pending.

Civil Litigations involving our Company

Outstanding material civil proceedings against our Company

1. Rakesh P Sheth had filed a public interest litigation on January 21, 2019 against SEBI, the Ministry of Corporate Affairs, Serious Fraud Investigation Office and India Infoline Finance Limited before the High Court of Madras. The Petitioner had stated that India Infoline Finance Limited was set to raise capital via issuance of non-convertible debentures and since India Infoline Finance Limited Commodities Limited (an associate company of India Infoline Finance Limited with common shareholders and common directors) is an accused in the NSEL scam case, India Infoline Finance Limited should not be allowed to go through the issue. The matter is currently pending.

2. A company appeal was filed by Vinay Jain before National Company Law Appellate, Delhi ("**NCLAT**") against our Company seeking setting aside of the order passed by NCLT, New Delhi wherein, the direction regarding the handing over the property back to AVJ Developers (India) Private Limited obtained pursuant to SARFAESI proceedings initiated by our Company was dismissed and the admission of the outstanding dues amounting to ₹134.15 crore under the insolvency proceeding of AVJ Developers (India) Private Limited was granted. The said matter is currently reserved for orders. AVJ Heights Apartment Owners Association and Vinay Jain have filed civil appeals under Section 62 of the Insolvency and Bankruptcy Code, 2016, before the Supreme Court of India seeking against the admission of a claim amounting to ₹134.15 crore under the insolvency proceeding of AVJ Developers (India) Private Limited. The said matters are pending before the Supreme Court of India.

3. Dnyaneshwar S. Malvankar who is one of the shareholders and the first director of Akshay Developers (Sion) Private Limited ("**ADSPL**"), and others (the "**Petitioners**") filed a company petition before the National Company Law Tribunal, Mumbai ("**NCLT**"), under Sections 241, 242, and 59 of the Companies Act, 2013, against ADSPL and other shareholders of ADSPL (together the "**Respondents**"), for acts of oppression and mismanagement by the majority shareholders of ADSPL which include, an act of allotment of equity shares exclusively to certain Respondents, increase in authorised share capital of the ADSPL and obtaining a secured loan from IIFL Finance Limited, among others. The Petitioners have sought among other reliefs that the loan from IIFL Finance Limited be declared as siphoned off loan funds by certain Respondents and release ADSPL from the liability of the secured loan. The matter is currently pending before the authority.

4. A commercial suit admitted on January 19, 2017 was filed by Harish Thawani a client of National Spot Exchange Limited ("**NSEL**"), before the Bombay High Court ("**Court**"), against India Infoline Commodities Limited ("**IICL**") its directors and IIFL Securities Limited, IIFL Finance Limited, directors, including key managerial personnel and employees, alleging losses, refund of brokerage, warehouse charges, damages and legal costs. IICL has filed its written statement before the Court and the matter is currently pending for hearing.

5. Amit Mavi ("**Petitioner**") has filed a company petition under Sections 213, 216, 217, 219, 220, 221, 222 read with Section 447 and other allied and related provisions read with relevant rules framed thereunder including The Companies (Inspection, Investigation and Inquiry) Rules 2014 of the Companies Act 2013, before the National Company Law Tribunal, Mumbai, against IIFL Finance Limited ("**Respondent**"), seeking investigation in the affairs of Respondent in light of their alleged misconduct, misfeasance, fraudulent and illegal actions including but not limited to acquiring control over the Petitioner's companies through their debenture trustee in guise of providing finance by way of subscription to debentures, and transferring funds to group companies under sham invoices raised despite no services having been sought or rendered. The Petitioner is personally aggrieved by the alleged fraudulent manner in which IIFL and its group companies have acted unlawfully and defrauded the Petitioner.

6. Purnima Chaudhary ("**Petitioner**") has filed a contempt petition under Section 12 of The Contempt of Courts Act 1971, at the High Court of Delhi, New Delhi in respect of the Plot No. C Community Center, Anand Vihar, Delhi ("**Shop Property**"). It was alleged that some of the respondents have started to demolish the Shop Property which has in turn interfered with the lawful and peaceful possession of the same allowed vide order dated July 7, 2018 and the actions of the respondents is in contravention of the same. The matter is currently pending in court for hearing.

Outstanding material civil proceedings by our Company

1. Our Company has filed applications before the Bombay High Court against Shree Urban Infrastructure Limited to seek leave from the Bombay High Court under Section 446 of the Companies Act, 1956 along with other provisions of the Companies Act, 1956 to initiate proceedings against Shree Ram Urban Infrastructure Limited and seeking specific performance of the agreement for sale of the premises and supplemental agreement of sale for a sale of residential property. Our application is currently on stay as corporate insolvency resolution process has been initiated against Shree Urban Infrastructure Limited.

2. Our Company has filed a petition under Section 9 of the Arbitration and Conciliation Act against Praful Satra and others ("**Respondents**") before the Delhi High Court claiming for an interim relief in the form of an injunction from creating rights against the properties of Praful Satra and others. Petitioner had sanctioned a term loan to Satra Property Developers Private Limited under loan cum mortgage agreement and executed a deed of personal guarantee against Praful Satra and Minaxi Satra securing the obligations of the Satra Property Developers Private Limited. The Delhi High Court directed our Company to approach the arbitration tribunal under Section 17 of the Arbitration and Conciliation Act for claiming interim relief. The arbitral tribunal *vide* order dated February 23, 2022, the proceedings are adjourned *sine die* due to personal insolvency proceedings initiated under Insolvency and Bankruptcy Code, 2016 against the Respondents. The entire claim of the Petitioner has been admitted by the insolvency resolution professional appointed in relation to the insolvency proceedings of Satra Property Developers Private Limited.

3. A composite scheme of arrangement amongst IIFL Holdings Limited, India Infoline Media & Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited and their respective shareholders ("**Composite Scheme of**

Arrangement"), was sanctioned by NCLT, Mumbai by an order dated March 7, 2019, on which our Company was required to pay stamp duty. Upon submission of the sanctioned composite scheme of arrangement to the Additional Controller of Stamps for adjudication, the Collector of Stamps issued a demand notice for ₹ 75.12 crores towards stamp duty and thereafter confirmed the demand. We have filed an appeal before the Chief Controlling Revenue Authority which was rejected and a demand notice was subsequently issued. Subsequently, we have filed a writ petition against the State of Maharashtra and others, before the Bombay High Court challenging the abovementioned orders and demand notice. The matter is currently pending before Bombay High Court.

4. Our Company has filed an arbitration petition against Best View Properties Limited, the guarantor to the borrower company, AVJ Developers (India) Private Limited ("**Borrower**"). Another arbitration petition has been filed by our Company against Vinay Jain, the proprietor of the Borrower. The Borrower had obtained a credit facility from our Company which subsequently was classified as a non-performing asset by our Company due to defaults by the Borrower. The arbitration petition is for recovery of a claim amounting to ₹246.28 crore. The matter is currently pending.

Litigations involving our Subsidiaries

Except as disclosed below, there are no other pending litigations involving Subsidiaries of our Company which could have a material adverse effect on the financial position of our Company, or which may affect the Issue or an investor's decision to invest in the Issue.

IIFL Home Finance Limited ("IIHFL")

Outstanding proceedings involving issues of moral turpitude or criminal liability against IIHFL

1. Yamuna Realty Private Limited ("**Borrower**") and two of its directors have filed criminal miscellaneous petitions against IIHFL before the Punjab and Haryana High Court under Section 482 of the Code of Criminal Procedure, 1973 for quashing proceedings initiated by IIHFL under Section 25 of the Payment and Settlement Act, 2007, read with Section 357 of the Code of Criminal Procedure, 1973 before the court of the Judicial Magistrate, Gurugram. The matters are currently pending before the Punjab and Haryana High Court.

2. Henry Vijay Sirdar Masih has filed a criminal application against IIHFL before the Punjab and Haryana High Court at Chandigarh under Section 482 of the Code of Criminal Procedure, 1973 for quashing criminal complaint proceedings initiated by IIHFL under Section 25 read with Section 27 of the Payment and Settlement Act, 2007, read with Section 357 of the Code of Criminal Procedure, 1973 before the court of Judicial Magistrate, Gurugram. The matter is currently pending before the Punjab and Haryana High Court.

3. Anu Ahuja ("**Petitioner**") has filed a petition under Section 482 of the Code of Criminal Procedure, 1973 against IIHFL before the Punjab and Haryana High Court at Chandigarh, for quashing a first information report ("**FIR**") registered at Police Station Shivaji Nagar, Gurugram under section 174-A of the Indian Penal Code, 1860. The FIR was filed in furtherance of the order of a lower court in a proceeding initiated by IIHFL under Section 25 of the Payment and Settlement Act, 2007 against the Petitioner. The matter is currently pending before the Punjab and Haryana High Court at Chandigarh.

4. Narendra Kumar and certain others have filed a contempt petition under Section 340 of the Code of Criminal Procedure, 1973, before the Dwarka Court, New Delhi against the proceedings initiated under Section 14 of the SARFAESI Act against them by IIHFL. The matter is currently pending before the Dwarka Court, New Delhi.

5. Sumehak Bansal has filed a petition against IIHFL before the Punjab and Haryana High Court under Section 482 of the Code of Criminal Procedure, 1973 for quashing proceedings initiated by IIHFL under Section 25 of the Payment and Settlement Act, 2007. The matter is currently pending before the Punjab and Haryana High Court.

6. Prabhat Kumar has filed a criminal miscellaneous petition before the Punjab and Haryana High Court at Chandigarh under Section 482 of the Code of Criminal Procedure, 1973 seeking quashing of the criminal complaint filed by IIHFL under Section 25 of the Payment and Settlement Act, 2007 before the court of the

Judicial Magistrate, Gurugram, along with all consequential proceedings arising therein. The matter is currently pending before the Punjab and Haryana High Court.

7. Vijay Pratap Singh has filed a criminal miscellaneous petition before the Punjab and Haryana High Court at Chandigarh under Section 482 of the Code of Criminal Procedure, 1973 seeking quashing of the criminal complaint filed by IIHFL under Section 25 of the Payment and Settlement Act, 2007 before the court of the Judicial Magistrate, Gurugram along with all consequential proceedings arising therein. The matter is currently pending before the Punjab and Haryana High Court.

8. Indrashis Singh has filed a criminal miscellaneous petition before the Punjab and Haryana High Court at Chandigarh under Section 482 of the Code of Criminal Procedure, 1973 seeking quashing of the criminal complaint filed by IIHFL under Section 25 of the Payment and Settlement Act, 2007 before the court of the Judicial Magistrate, Gurugram along with all consequential proceedings arising therein. The matter is currently pending before the Punjab and Haryana High Court.

9. Rachit Katyal and Orbit Foods Inc. have filed a criminal miscellaneous petition before the Punjab and Haryana High Court at Chandigarh under Section 482 of the Code of Criminal Procedure, 1973 seeking quashing of the criminal complaint filed by IIHFL under Section 25 of the Payment and Settlement Act, 2007 before the court of the Judicial Magistrate, Gurugram, along with all consequential proceedings arising therein. The matter is currently pending before the Punjab and Haryana High Court

10. Ranjeet Bharaj filed a transfer application under Section 408 of the Code of Criminal Procedure, 1973 before the District & Session Court, Gurugram seeking permission to transfer all the cases arisen from his home loan account to one court. The matter is currently pending before the District & Session Court, Gurugram.

11. Raghbir Singh ("**Petitioner**") has filed criminal miscellaneous petition against IIHFL before the Punjab and Haryana High Court at Chandigarh under Section 482 of the Code of Criminal Procedure, 1973 for quashing proceedings initiated by IIHFL under Section 25 of the Payment and Settlement Act, 2007 read with Section 357 of the Code of Criminal Procedure, 1973, and under Section 138/141/142 of the Negotiable Instruments Act read with section 200 of the Code of Criminal Procedure, 1973 against the Petitioner. The matter is currently pending before the Punjab and Haryana High Court.

12. Subhash T Gopalkrupa ("**Petitioner**") has filed a petition under Section 482 of the Code of Criminal Procedure, 1973 for quashing of a first information report ("**FIR**") registered at Police Station Shivaji Nagar, Gurugram under section 174-A of the Indian Penal Code, 1860. The FIR was filed in furtherance of the order passed by the Judicial Magistrate, Gurugram, in a proceeding initiated by IIHFL under Section 25 of the Payment and Settlement Act, 2007 against the Petitioner. The matter is currently pending before the court.

13. Devender Kumar has filed a first information report at the Faridabad Kotwali Police Station under Sections 120B, 406, 419, 420, 467, 468 and 471 of the Indian Penal Code, 1860 against IIHFL and others alleging that they had committed fraud against him in relation to a loan availed by him for purchase of a property. The matter is currently pending.

14. Ashok have filed a criminal revision application before the Sessions Court, Gurugram against the summoning orders passed by Judicial Magistrate, Gurugram in relation to the complaints filed under Section 25 of Payment and Settlement Act, 2007 by IIHFL. The matter is currently pending before the Sessions Court, Gurugram.

15. Kamlesh Devi has filed a first information report at Sahibabad police station, Ghaziabad under Sections 420, 467, 468, 471, 504, 506 and 406 of the Indian Penal Code, 1860 ("**FIR**") against an employee of IIHFL ("**Accused**"). It was alleged that the Accused made a false promise of giving loan at lower rate of interest but disbursed the loan amount at the rate of 21.00%. Kamlesh Devi alleged that she had been paying the loan amount regularly, however, the Accused allegedly arrived at her residence for collection of the EMI which was already paid and recorded in her passbook. The Accused allegedly refused to acknowledge the same and threated Kamlesh Devi. This matter is currently pending for investigation.

16. A first information report was registered upon the complaint of Shyamsundar Bhagvanram Jangid ("**Complainant**") at BKC Police Station under Sections 420, 467, 468, 471, 409 and 34 of the Indian Penal Code, 1860 against IIHFL in furtherance of a complaint filed by Complainant before the Additional Metropolitan Magistrate, Mumbai. He alleged that the notices for repayment he was receiving are incorrect

as he had not availed any loan facility from IIHFL but a loan had been booked in his company's name i.e. Balaji Cars Private Limited. IIHFL has also filed an application under Section 482 of the Code of Criminal Procedure, 1973 for quashing the first information report. The matter is currently pending.

17. A first information report was registered against IIHFL and one of the employees of IIHFL pursuant to the complaint of Manoj Kumar Shukla at Moti Nagar Police Station. Manoj Kumar Shukla has alleged that after closing his loan with IIHFL, he was approached by some unknown person from outside the office of IIHFL who snatched his original property papers from him. He also alleged that the employee of IIHFL is involved in the matter. IIHFL had received a notice from the Moti Nagar Police Station for recording the statement of the involved employee. The matter is currently pending.

18. A first information report was registered against IIHFL and ICICI Prudential Limited ("**ICICI**") pursuant to the in furtherance of a complaint filed by Rohit Yadav, ("**Complainant**") the son of Dara Singh before the Chief Metropolitan Magistrate, Dwarka of, at Kapashera Police Station under Sections 406,420 and 34 of the Indian Penal Code, 1860. Dara Singh had obtained a loan of ₹ 0.40 crores from IIHFL ("**Loan**") and an insurance policy of ₹ 0.40 crores from ICICI ("**Policy**"). It is alleged that after the death Dara Singh, ICICI has rejected the claim of the Complainant under the Policy. It is further alleged that while ICICI claims that the Policy amount has been disbursed to the loan account at IIHFL, IIHFL has refused to divulge any details of such payment. IIHFL has received a notice from the Kapashera Police Station. The matter is currently pending.

Outstanding criminal proceedings by IIHFL

1. A first information report was lodged by IIHFL at the Navrangpura Police Station, Ahmedabad, against Mihir Desai and other co-borrower ("**Accused**") alleging *inter alia*, cheating and criminal breach of trust under Sections 402, 406, 465, 467, 468, 431 and 114 of the Indian Penal Code, 1860. It was alleged that they had conspired to cause a loss to IIHFL by creating a subsequent mortgage on a property mortgaged with IIHFL, with a third party. Subsequently, IIHFL filed an appeal before City Civil and Session Court and prayed cancellation of bail given by the court. The matter is currently pending investigation and IIHFL is contesting the matter.

2. A first information report was lodged by IIHFL at the Ashok Nagar Police Station, Bengaluru, against Tanveer Pasha and other co-borrowers ("**Accused**") under Sections 420, 465, 467 and 468 of the Indian Penal Code, 1860. It was alleged that the Accused had conspired with M/s SMS Promoters and Developers to cause a loss to IIHFL by submitting fake documents and wrongfully inducing IIHFL to disburse a loan in their favour and defaulting on the first installment. The claim involved in the matter is ₹1.13 crore. The matter is currently pending investigation.

3. A first information report was lodged by IIHFL at the Vidhayak Puri, Police Station, Jaipur against Prem Chand Sharma and other co-borrowers ("**Accused**") alleging *inter alia*, cheating and criminal breach of trust under Sections 406, 420, 463, 464, 467, 468, 471 and 120B of the Indian Penal Code, 1860. It was alleged that they had conspired to cause a loss to IIHFL by providing a property as security on which the Accused did not have an ownership interest, in turn for a loan obtained. The matter is currently pending investigation.

4. A first information report was lodged by IIHFL at the Kalyan Police Station, District Thane, Mumbai under Sections 420, 120B, 114 and 34of the Indian Penal Code, 1860 against Anand Rajaram Yadav and others ("**Accused**"). It is alleged *inter alia*, that the Accused have committed cheating and criminal breach of trust by obtaining a loan on the same property from IIHFL and another lender, thereby conspiring to defraud IIHFL. The matter is currently pending investigation.

5. A first information report was lodged by IIHFL at the Malad Police Station, District Mumbai under Sections 448, 427 and 34 of the Indian Penal Code, 1860 against Subir Chakrabourty and other co-borrowers ("**Accused**") for criminally trespassing in to a house which was seized by the IIHFL, by damaging the locks and living there without prior permission from IIHFL. The matter is currently pending investigation.

6. A first information report has been lodged by IIHFL at the Jahangirabad Police Station under Section 448 of the Indian Penal Code, 1860, against Ramesh Bachhani , criminally trespassing in to a house which was seized by the IIHFL, by damaging the locks and living there without prior permission from IIHFL. The

matter is currently pending investigation.

7. A first information report was lodged by IIHFL at the Kotwali Police Station, Kanpur City against Rajveer Singh Bhaduria and other co-borrowers ("**Accused**") under Section 120B, 504, 406 and 420 of the Indian Penal Code, 1860. It is alleged that the Accused persons have taken possession and conducted illegal activities such as construction, on the property which was to be deposited with IIHFL, causing wrongful loss to IIHFL. A chargesheet has been filed by the Police in the matter and the matter is currently pending.

8. A first information report was lodged by IIHFL at the Udyog Vihar Police Station under Section 420 and 120B of the Indian Penal Code, 1860 ("**FIR**") after getting direction from Judicial Magistrate, Gurgaon in a case against Dwarkadeesh Project Private Limited ("**Builder**"). The FIR was filed against Sulekh Chand, Vikas Jain, Sanjay Kumar and others ("**Accused**") with the help of whom the Builder has obtained various loans from IIHFL and subsequently defaulted in repayments. It is alleged that Accused and the Builder have together in connivance caused wrongful loss to IIHFL. The matter is currently pending investigation.

9. A first information report was lodged by IIHFL at the Para Police Station, Lucknow against Ankit Gupta, Santosh Kumar and Meewati ("**Accused**") under Sections 419, 420, 467, 468 and 471 of Indian Penal Code, 1860. It is alleged that the Accused are liable for *inter alia*, cheating and criminal breach of trust, forgery and caused a wrongful loss to IIHFL. The Accused obtained a loan from IIHFL and provided as security, a property on which they had no ownership rights, which came into light when the Accused started defaulting on their payments of the loan. The matter is currently pending investigation.

10. A first information report was lodged by IIHFL at the Udyog Vihar Police Station, Gurugram against Ashok Kumar and others co-borrowers ("**Accused**") under Sections 120B, 34, 419, 420, 467, 468 and 471 of Indian Penal Code, 1860, alleging that they had conspired to commit cheating, criminal breach of trust, forgery and causing loss to IIHFL. IIHFL had disbursed a loan in favour of the Accused in turn for security on a property ("**Secured Property**") offered by them. The Accused defaulted on their repayments and allegedly sought to obtain another loan on the Secured Property from another lender. The matter is currently pending investigation.

11. A first information report was lodged by IIHFL under Sections 406, 419, 420, 467, 468, 471 and 120B of the India Penal Code, 1860 against Yazdan Constructions and others ("**Accused"**). It is alleged that the Accused have obtained loans from IIHFL to fraudulently obtain benefit without obtaining an allotment letter for the purchase of certain property. It is also alleged that the Accused have defaulted on their monthly payments in relation to the loan. The matter is currently pending investigation.

12. IIHFL filed a criminal miscellaneous petition before the High Court of Rajasthan under Section 482 of the Code of Criminal Procedure, 1973 against the State of Rajasthan for quashing of a first information report ("**FIR**") lodged by Amit Fatehpuria ("**Borrower**"). The Borrower had defaulted on a loan obtained from IIHFL, pursuant to which IIHFL initiated proceedings under the SARFAESI Act, 2002 ("**SARFAESI Proceedings**"). The FIR was filed by the Borrower to pressure IIHFL into withdrawing the SARFAESI Proceedings. The matter is currently pending before the High Court of Rajasthan.

13. IIHFL has filed a criminal miscellaneous petition under Section 482 of the Code of Criminal Procedure, 1973 against Venus Traders ("**Accused**") before the High Court of Punjab and Haryana, Chandigarh for quashing of an order passed by Judicial Magistrate First Class, Gurugram wherein the court did not warrant the execution of a warrant against the Accused in relation to the complaint filed under Section 25 of the Payment and Settlement Systems Act, 2007. IIHFL additionally seeks that the warrant be issued against the Accused. The matter is currently pending before the High Court of Punjab and Haryana.

14. IIHFL filed an appeal before the appellate tribunal of Prevention of Money Laundering Act, Court ("**Appellate Court**") under Section 26 the Prevention of Money Laundering Act, 2002 ("**PMLA**") read with rule 3 of the Prevention of Money Laundering (Appeal) Rules, 2005 against impugned order dated 26.10.2023, wherein PMLA Court confirmed provisional attachment order passed by the Directorate of Enforcement ("**Respondent**"), passed by the Prevention of Money Laundering Act, Court ("**PMLA Court**") in regard to the properties secured with IIHFL. The matter is pending before the Appellate Court, Delhi.

15. IIHFL lodged a first information report dated October 18, 2023 was lodged under sections 448, 427, 379 read with 34 IPC ("**FIR**") at the Nawabpet Police Station, against Mahaboob Basha Patan, Vahida Patan, Mahaboob Basha Shaik and Ayisha Shaik, for criminally trespassing in to a house which was seized by the IIHFL, by damaging the locks and living there without prior permission from IIHFL. The matter is pending investigation.

16. IIHFL has initiated 9504 proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881 and/or Section 25 of the Payment and Settlement Systems Act, 2007 for dishonour of cheques / electronic clearing system in various courts. The cases are pending before various courts at various stages of adjudication.

Outstanding material tax proceedings involving IIHFL

Nil

Outstanding regulatory or statutory proceedings initiated against IIHFL

Nil

Other pending matters against IIHFL which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Company

Nil

Economic offences where proceedings have been initiated against IIHFL

Nil

Outstanding material civil proceedings against IIHFL

Nil

Outstanding material civil proceedings by IIHFL

Nil

IIFL Samasta Finance Limited

Outstanding proceedings involving issues of moral turpitude or criminal liability against IIFL Samasta Finance Limited

Nil

Outstanding criminal proceedings by IIFL Samasta Finance Limited

1. IIFL Samasta Finance Limited has filed an appeal before the High Court of Karnataka against the order passed by the trial courts in the matter wherein IIFL Samasta Finance Limited had initiated criminal proceedings against its borrowers, Narsimha Murthy and Shwetha. The matter is currently pending.

2. IIFL Samasta Finance Limited has filed 1020 proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheques at various courts. The matters are pending before the courts at various stages of adjudication.

3. As of the date of this Letter of Offer, IIFL Samasta Finance Limited has lodged 219 first information reports for, *interalia*, fraud against employees and against various other persons for offences under Sections 395, 405, 406, 409, 415, 419, 420, 441, 447, 467, 468, 471, 120(b) and 34 of Indian Penal Code, 1860. The matters are currently pending investigation at various police stations.

Outstanding material tax proceedings involving IIFL Samasta Finance Limited

Nil

Outstanding regulatory or statutory proceedings initiated against IIFL Samasta Finance Limited

Nil

Other pending matters against IIFL Samasta Finance Limited which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Company

Nil

Economic offences where proceedings have been initiated against IIFL Samasta Finance Limited

Nil

Outstanding material civil proceedings against IIFL Samasta Finance Limited

Nil

Outstanding material civil proceedings by IIFL Samasta Finance Limited

Nil

IIHFL Sales Limited

Outstanding proceedings involving issues of moral turpitude or criminal liability against IIFL Sales Limited

Nil

Outstanding criminal proceedings by IIFL Sales Limited

Nil

Outstanding material tax proceedings involving IIFL Sales Limited

Nil

Outstanding regulatory or statutory proceedings initiated against IIFL Sales Limited

Nil

Other pending matters against IIFL Sales Limited which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Company

Nil

Economic offences where proceedings have been initiated against IIFL Sales Limited

Nil

Outstanding material civil proceedings against IIFL Sales Limited

Nil

Outstanding material civil proceedings by IIFL Sales Limited

Nil

IIFL Open Fintech Private Limited

Outstanding proceedings involving issues of moral turpitude or criminal liability against IIFL Open Fintech Private Limited

Nil

Outstanding criminal proceedings by IIFL Open Fintech Private Limited

Nil

Outstanding material tax proceedings involving IIFL Open Fintech Private Limited

Nil

Outstanding regulatory or statutory proceedings initiated against IIFL Open Fintech Private Limited

Nil

Other pending matters against IIFL Open Fintech Private Limited which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Company

Nil

Economic offences where proceedings have been initiated against IIFL Open Fintech Private Limited

Nil

Outstanding material civil proceedings against IIFL Open Fintech Private Limited

Nil

Outstanding material civil proceedings by IIFL Open Fintech Private Limited

Nil

GOVERNMENT AND OTHER APPROVALS

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, refer to "*Objects of the Issue*" on page 51.

MATERIAL DEVELOPMENTS

Other than as disclosed below and elsewhere in this Letter of Offer, there have not arisen, since the date of the last financial statements disclosed in this Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

1. The Reserve Bank of India on March 04, 2024, in exercise of its powers under Section 45L(1)(b) of the Reserve Bank of India Act, 1934, directed our Company to cease and desist, with immediate effect, from sanctioning or disbursing gold loans or assigning/securitizing/ selling any of our gold loans. Our Company can, however, continue to service its existing gold loan portfolio through usual collection and recovery processes. RBI has also initiated the process to conduct a special audit of our Company and has issued an e-tender for the same.

2. Our Board at its meeting held on March 13, 2024 *inter alia* considered and approved the following:

   a. Raising of funds through Issue of Non-convertible debentures on a private placement basis upto ₹ 500.00 Crores.
   b. Appointment of Bijou Kurien and Nihar Niranjan Jambusaria, as Additional (Independent) Directors of our Company w.e.f. March 13, 2024.
   c. Appointment of Shivalingam A. Pillai as Chief Compliance Officer of our Company w.e.f. March 13, 2024.
   d. Resignation of Rupal Jain from the post of Company Secretary and Compliance Officer w.e.f. March 13, 2024.
   e. Appointment of Mauli Agarwal as Company Secretary and Compliance Officer of our Company w.e.f. March 13, 2024.
   f. Re-designation of Abhiram Bhattacharjee, currently serving as Chief of Staff, as the Chief Operating Officer of our Company w.e.f. March 13, 2024.
   g. Fund raising for an amount not exceeding ₹ 1,500.00 Crores by way of issue of Equity Shares on a rights basis to its existing eligible shareholders as on the record date in accordance with applicable provisions of the Companies Act and SEBI ICDR Regulations.

3. Our Board at its meeting held on March 26, 2024, *inter alia* considered and approved the appointment of Arun Kumar Purwar as an Additional Non-Executive Director of our Company w.e.f. April 1, 2024.

4. Our Company has received an in-principle approval from National Stock Exchange of India Limited, to acquire its equity shares aggregating upto ₹ 284.40 crores of National Stock Exchange of India Limited from FIH Mauritius Investments Ltd and has paid the consideration amount for the purchase.

5. Allotment of Equity Shares upon exercise of ESOPs:

Sr. No.	Description of Shares	Allotment Date	No. of Equity Shares	Face Value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Consideration (Cash, other than cash, etc.)
1.	Allotment of Equity Shares upon exercise of the ESOPs	January 09, 2024	31,800	2	106.67	Cash
2.	Allotment of Equity Shares upon exercise of the ESOPs	January 09, 2024	91,638	2	177.04	Cash
3.	Allotment of Equity Shares upon exercise of the ESOPs	January 09, 2024	2,662	2	182.22	Cash
4.	Allotment of Equity Shares upon exercise of the ESOPs	January 09, 2024	12,000	2	218.71	Cash

5.	Allotment of Equity Shares upon exercise of the ESOPs	January 09, 2024	22,690	2	252	Cash
6.	Allotment of Equity Shares upon exercise of the ESOPs	January 09, 2024	1,000	2	341.65	Cash
7.	Allotment of Equity Shares upon exercise of the ESOPs	March 06, 2024	22,600	2	106.67	Cash
8.	Allotment of Equity Shares upon exercise of the ESOPs	March 06, 2024	37,165	2	177.04	Cash
9.	Allotment of Equity Shares upon exercise of the ESOPs	March 06, 2024	954	2	182.22	Cash
10.	Allotment of Equity Shares upon exercise of the ESOPs	March 06, 2024	4611	2	252	Cash

6. Revision of Credit Ratings

CRISIL Ratings Limited ("**CRISIL**"), CARE Ratings Limited ("**CARE**"), ICRA Limited ("**ICRA**"), India Ratings and Research Private Limited ("**India Ratings**"), Brickwork Ratings India Private Limited ("**Brickwork**") and Fitch Ratings Singapore Pte Ltd ("**Fitch**") have revised certain of the credit ratings of our Company and Subsidiaries, The details of the revised credit ratings are set our below:

Sr. No.	Rating Agencies	Nature of instrument	Rating of IIFL Finance Limited	Rating of IIFL Home Finance Limited	Rating of IIFL Samasta Finance Limited	Rating Action	Date of Rating
1.	CRISIL	Bank Facilities and Debt Instruments	CRISIL AA/ CRISIL PPMLD AA/ CRISIL AA-	-	-	Rating Watch with Developing implications	March 12, 2024
		Bank Facilities and Debt Instruments	-	-	CRISIL AA- /Watch Developing	Rating Watch with Developing implications	March 13, 2024
		Bank Facilities and Debt Instruments	-	CRISIL AA/ CRISIL PPMLD AA	-	Rating Watch with Developing implications	March 12, 2024
2.	CARE	Non-Convertible Debentures, Subordinate Debt and Long-Term Bank Facilities	CARE AA (RWN)	-	-	Placed on Rating Watch with Negative Implications	April 13, 2024
		Non-Convertible Debentures	-	CARE AA (RWN)	-	Placed on Rating Watch with Negative Implications	April 13, 2024

Sr. No.	Rating Agencies	Nature of instrument	Rating of IIFL Finance Limited	Rating of IIFL Home Finance Limited	Rating of IIFL Samasta Finance Limited	Rating Action	Date of Rating
3.	ICRA	Non-Convertible Debentures, Subordinate Debt, Long Term Bank Lines, Long-term principal protected equity linked debenture programme and Long-term principal protected market linked debenture programme	[ICRA]AA	-	-	Rating Watch with Negative Implications.	March 12, 2024
		Non-Convertible Debentures, Subordinate Debt, Long Term Bank Lines and Market Linked Debentures	-	[ICRA]AA	-	Rating Watch with Negative Implications.	March 12, 2024
4.	India Ratings	Non-Convertible Debentures	IND AA/RWN	-	-	Rating Watch with Negative Implications	March 13, 2024
		Non-Convertible Debentures	-	IND AA/RWN	-	Rating Watch with Negative Implications	March 13, 2024
		Non-Convertible Debentures	-	-	IND AA/RWN	Rating Watch with Negative Implications	March 13, 2024
5	Acuite Ratings & Research Limited	Non-Convertible Debentures	-	-	ACUITE AA | Reaffirmed | Rating Watch with Negative Implications	Rating reaffirmed	March 12, 2024
6.	Brickwork	Non-Convertible Debentures	BWR AA+	-	-	Rating Watch with Negative implications	March 14, 2024
7.	Brickwork	Non-Convertible Debentures	-	BWR AA+	-	Rating Watch with Negative implications	March 13, 2024

Sr. No.	Rating Agencies	Nature of instrument	Rating of IIFL Finance Limited	Rating of IIFL Home Finance Limited	Rating of IIFL Samasta Finance Limited	Rating Action	Date of Rating
8.	Fitch	Long-Term Issuer Default Rating (IDR)	B+	-	-	Watch Negative (RWN)	March 14, 2024

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at its meeting held on March 13, 2024 pursuant to Section 62(1)(a) of the Companies Act. This Letter of Offer has been approved by our Board of Directors pursuant to its resolution dated April 17, 2024.

The Board of Directors, in its meeting held on April 17, 2024 has resolved to issue the Equity Shares to the Eligible Equity Shareholders, at Issue Price of ₹ 300 per Rights Equity Share (including a premium of ₹ 298 per Rights Equity Share) aggregating up to ₹1,271.83 crore*, in the ratio of 1 Rights Equity Share for every 9 Equity Shares, as held on the Record Date. The Issue Price of ₹ 300 per Rights Equity Share has been arrived at by our Company in consultation with the Lead Managers, prior to determination of the Record Date.

**Assuming full subscription with respect to Rights Equity Shares and subject to finalisation of the basis of allotment.*

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in this Issue pursuant to their letters dated April 12, 2024 and April 10, 2024. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular.

Our Company has been allotted the ISIN INE530B20016 for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, see *"Terms of the Issue"* on page 249.

Prohibition by SEBI or Other Governmental Authorities

Our Company, our Promoters, the members of our Promoter Group and our Directors have not been and are not prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Promoters and our Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Except for: (i) Arun Kumar Purwar, who is associated with Mizuho Securities India Private Limited; (ii) Geeta Mathur who is associated with 360 One Asset Management Limited *(formerly known as IIFL Asset Management Limited)*; (iii) Nihar Niranjan Jambusaria who is associated with Multi Commodity Exchange of India Clearing Corporation; (iv) Nirmal Bhanwarlal Jain, who is associated with IIFL Securities Limited, IIFL Securities Capital Enhancer Fund, IIFL Securities Dynamic Fund, IIFL Alternative PE Fund, 5paisa Capital Limited, 360 One WAM Limited (*formerly IIFL Wealth Management Limited*), 360 ONE Distribution Services Limited, 360 ONE Asset Management Limited *(formerly known as IIFL Asset Management Limited)*, 360 ONE Investment Advisers and Trustee Services Limited, 360 ONE Alternates Asset Management Limited and 360 ONE Portfolio Managers Limited; and (v) R. Venkataraman, who is associated with IIFL Securities Limited, IIFL Securities Capital Enhancer Fund, IIFL Securities Dynamic Fund, IIFL Alternative PE Fund, 5paisa Capital Limited, 360 One WAM Limited(*formerly IIFL Wealth Management Limited*), 360 ONE Distribution Services Limited, 360 ONE Asset Management Limited*(formerly known as IIFL Asset Management Limited)*, 360 ONE Investment Advisers and Trustee Services Limited, 360 ONE Alternates Asset Management Limited and 360 ONE Portfolio Managers Limited, none of our Directors are associated with entities operating in the securities market.

Except as stated below, there are no outstanding actions initiated by SEBI against the entities operating in the securities market with which our Directors are associated:

IIFL Securities Limited

1. SEBI had initiated two enquiry proceedings dated July 4, 2022 and July 18, 2022 as well as two adjudication proceedings dated October 28, 2021 against IIFL Securities Limited under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 pursuant to SEBI's observations from six inspections conducted by SEBI during the period between April 1, 2011 to January 31, 2017. The observation letter issued pursuant to the inspections indicated failure of segregation of own funds from clients' funds, misuse of credit balance of clients' funds for the benefit of the clients having debit balance and improper designation of the client bank account. During the period of three years beginning the date of conclusion of the onsite

inspection, three supplementary reports were issued in this matter by SEBI. Consequently, SEBI had passed two adjudication orders dated May 20, 2022 and May 30, 2022, imposing a penalty aggregating to ₹ 2.00 crores on IIFL Securities Limited and a separate order dated June 19, 2023 was passed in the enquiry proceedings whereby IIFL Securities Limited was banned on taking up / onboarding any new client for a period of two years in respect of its business as a stockbroker. IIFL Securities Limited filed an appeal against the SEBI order before SAT. SAT vide its order dated December 07, 2023 passed a common order and partly allowed the appeals and set aside the ban on taking up / onboarding any new client for a period of two years in respect of its business as a stockbroker and also reduced penalty to ₹ 0.20 crores. SEBI has filed an appeal against the SAT order before the Supreme Court of India and the matter is currently pending before the Supreme Court of India.

None of our Promoters or Directors are declared fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Prohibition by RBI

Neither our Company nor any of our Promoters or Directors have been or are identified or categorised as Wilful Defaulters or Fraudulent Borrowers.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Indian Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and has received their in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE Limited is the Designated Stock Exchange for the Issue.

Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

(1) Our Equity Shares have been listed on BSE and NSE, each being a recognised stock exchange having, nationwide trading terminals, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

(2) The entire shareholding of the members of our Promoter Group is held in dematerialised form as at the date of filing this Letter of Offer with the Designated Stock Exchange;

(3) The average market capitalisation of the public shareholding (as defined under the SEBI ICDR Regulations) of our Company is at least ₹250 crore, in at least one of the recognised stock exchanges with nationwide trading terminal, where its securities are listed, calculated as per Explanation (i) of the Regulation 99 of SEBI ICDR Regulations;

(4) The annualised trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six-months period on each of the Stock Exchanges;

(5) The annualised delivery-based trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualised trading turnover of Equity Shares during such six-month period on each of the Stock Exchanges;

(6) Our Company has been in compliance with the equity listing agreement entered into with the Stock Exchanges and the SEBI Listing Regulations, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange.;

(7) Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of filing this Letter of Offer with the Designated Stock Exchange;

(8) No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company or our Promoters or whole-time Directors, as of the date of this Letter of Offer. Further, no show cause notices have been issued by the SEBI or an Adjudicating Officer in a proceeding for imposition of penalty and/or no prosecution proceedings have been initiated by SEBI, against our Company or our Promoters or whole-time Directors;

(9) Our Company, our Promoters, the members of our Promoter Group or our Directors have not settled any alleged violations of securities laws through the settlement mechanism with SEBI during the three years immediately preceding the date of filing of this Letter of Offer;

(10) Our Equity Shares have not been suspended from trading as a disciplinary measure during three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

(11) There is no conflict of interest between the Lead Managers and our Company or our Group Companies in accordance with applicable regulations;

(12) Our Promoters and Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of renunciation within our Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under the SCRR;

(13) Our Promoters have undertaken and confirmed in relation to this Issue to subscribe on their own account, and not through any nominated entity or person to:

   (a) the full extent of their Rights Entitlement in the Issue in accordance with the applicable provisions of the SEBI Takeover Regulations; and

   (b) the full extent of any rights entitlement in the Issue that may be renounced in their favour by any of the members of our Promoter Group in accordance with the applicable provisions of the SEBI Takeover Regulations.

(14) There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company, in respect of the Financial Years for which such accounts are disclosed in this Letter of Offer.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Letter of Offer with the SEBI.

2. The reports, statements and information referred to above are available on the website of BSE and NSE.

3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at least once every year and as and when required, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations and is not covered under the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations. Disclosures in this Letter of Offer have been made in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGERS, BEING AMBIT PRIVATE LIMITED AND MOTILAL OSWAL INVESTMENT ADVISORS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED APRIL 17, 2024, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS LETTER OF OFFER OF THE SUBJECT ISSUE. COMPLIED WITH TO THE EXTENT APPLICABLE.

(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

- **(a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**

- **(b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

- **(c) THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

(3) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE

(5) WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO

FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. <u>NOT APPLICABLE</u>

(6) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. <u>NOT APPLICABLE</u>

(7) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. <u>NOT APPLICABLE</u>

(8) NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER(S) TO THE ISSUE AND THE BANK SPECIFICALLY CONTAINS THIS CONDITION. <u>NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE</u>

(9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. <u>COMPLIED WITH TO THE EXTENT APPLICABLE</u>

(10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING SUPERIOR EQUITY SHARES. <u>COMPLIED WITH TO THE EXTENT APPLICABLE (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES)</u>; AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. <u>COMPLIED WITH</u>

(11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. <u>NOTED FOR COMPLIANCE</u>

(12) IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. <u>NOT APPLICABLE</u>

(13) **NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH**

(14) **THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER. COMPLIED WITH**

(15) **THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS. COMPLIED WITH**

(16) **ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND WE CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE COMPANY UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. COMPLIED WITH AND NOTED FOR COMPLIANCE**

(17) **AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY. COMPLIED WITH**

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Managers

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Managers shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as at its date.

Our Company, the Lead Managers and its directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

The Lead Managers and its affiliates may engage in transactions with and perform services for our Company or our affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company or our affiliates, for which they have received and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE Limited.

Disclaimer Clause of the BSE

As required, a copy of this Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

"*BSE Limited (the "Exchange") has given, vide its letter dated April 12, 2024 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:*

- *Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or*
- *Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or*
- *Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company,*

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of NSE

As required, a copy of this Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is set out below:

"*As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/41118 dated April 10, 2024 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.*

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Disclaimer Clause of RBI

A license authorising our Company to carry on Non-Banking Financial Company business has been obtained from the RBI in terms of under Section 45 IA of the RBI Act, 1934. It must be distinctly understood, however, that in issuing the license the RBI does not undertake any responsibility for the financial soundness of our Company.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT TO ELIGIBLE EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER THE LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdiction where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Filing

This Letter of Offer is being filed with Stock Exchanges and SEBI, simultaneously with the filing of this Letter of Offer with the Designated Stock Exchange, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, the Lead Managers will simultaneously do an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, the Lead Managers will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with our Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 10-15 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see ***"Terms of the Issue"*** **on page 249.**

The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
E-mail: iifl.rights2024@linkintime.co.in
Investor Grievance E-mail: iifl.rights2024@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Ms. Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Company Secretary and Compliance Officer

Mauli Agarwal is the Company Secretary and Compliance Officer of our Company. Her details are as follows:

Mauli Agarwal
IIFL Finance Limited
802, 8th Floor
Hubtown Solaris
N.S. Phadke Marg
Vijay Nagar, Andheri East
Mumbai 400069,
Maharashtra, India.
Tel.: +91 22 6788 1000
Fax: +91 22 6788 1010
Email: csteam@iifl.com

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer. Investors are requested to note that application in this Issue can only be made through ASBA or any other mode which may be notified by SEBI.

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, SEBI ICDR Master Circular, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the RBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

Please note that our Company has opened a separate demat suspense escrow account (namely, "LIIPL IIFL RIGHTS 2024 ESCROW DEMAT ACCOUNT") ("Demat Suspense Account") and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund ("IEPF") authority; or (c) of the Eligible Equity Shareholder whose demat accounts are frozen or where the Equity Shares are lying in the unclaimed suspense account / demat suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date or where Equity Shares have been kept in abeyance or where entitlement certificate has been issued or where instruction has been issued for stopping issue or transfer or where letter of confirmation lying in escrow account; or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason; or (e) where ownership is currently under dispute, including any court or regulatory proceedings or where legal notices have been issued, if any. Please also note that our Company has credited Rights Entitlements to the Demat Suspense Account on the basis of information available with our Company and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Company does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.

With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are requested to provide relevant details (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., by May 9, 2024 to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Company or the Registrar by the end of two clear Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Company and our Company shall not be liable to any such Eligible Equity Shareholder in any form or manner.

Further, with respect to Equity Shares for which Rights Entitlements are being credited to the Demat Suspense Account, the Application Form along with the Rights Entitlement Letter shall not be dispatched

till the resolution of the relevant issue/concern and transfer of the Rights Entitlements from the Demat Suspense Account to the respective demat account other than in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date who will receive the Application Form along with the Rights Entitlement Letter. Upon submission of such documents /records no later than two clear Working Days prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

This Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

(i) our Company at www.iifl.com;

(ii) the Registrar at www.linkintime.co.in;

(iii) the Lead Managers at www.ambit.co and www.motilaloswalgroup.com

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit www.linkintime.co.in.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.* www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e*., www.iifl.com).

Further, our Company along with the Lead Managers will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for not sending the physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India).

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send this Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid e-mail addresses and an Indian address to our Company.

This Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI ICDR Master Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense account, as applicable. For further details on the Rights Entitlements and demat suspense account, please see "- *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 263.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense account in case of resident Eligible Equity Shareholders holding shares in physical form as at Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such

Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, please see "—***Grounds for Technical Rejection*****" on page 259. Our Company, the Lead Managers, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, - please see "*—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 254.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or

(v) renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Managers, our Company, their directors, their employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

(a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

(b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialised form only.

(c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

(f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

(i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

(c) Do not send your physical Application to the Lead Managers, the Registrar to the Issue, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB.

(d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(e) Do not submit Application Form using third party ASBA account.

(f) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(g) Do not submit multiple Applications.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Managers. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilise the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being ‘IIFL Finance Limited’;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP and Client ID;

4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;

5. Number of Equity Shares held as at Record Date;

6. Allotment option – only dematerialised form;

7. Number of Rights Equity Shares entitled to;

8. Number of Rights Equity Shares applied for within the Rights Entitlements;

9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10. Total number of Rights Equity Shares applied for;

11. Total amount paid at the rate of ₹ 300 per Rights Equity Share;

12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);

16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at iifl.rights2024@linkintime.co.in; and

17. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in "*Restrictions on Purchases and Resales*" on page 279, and shall include the following:

    *"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**") to Eligible Equity Shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Managers or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Managers or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

    I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and

Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" on page 279.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

I/ We acknowledge that we, the Lead Managers, our affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as at Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;

(b) The Registrar to the Issue shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The remaining procedure for Application shall be same as set out in "*—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 254.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as at the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialised Rights Entitlements are transferred from the suspense demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "—*Basis of Allotment*" on page 271.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

(a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regards to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under "—*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 254.

(d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(e) Applications should not be submitted to the Bankers to the Issue, our Company or the Registrar or the Lead Managers.

(f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

(g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

(h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

(i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.

(k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(q) Do not pay the Application Money in cash, by money order, pay order or postal order.

(r) Do not submit multiple Applications.

(s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

(t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to our Company, the Lead Managers, Registrar, to a branch of a SCSB which is not a Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(p) Applications which: (i) appear to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this

Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Investors that are residing in U.S. address as per the depository records.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialised form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using Additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, please see "—*Procedure for Applications by Mutual Funds*" on page 262.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the

SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to, *inter alia*, the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (*i.e.*, any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any Allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Circular 2020 has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Non-Banking Financial Companies

In case of an application made by NBFC's registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is May 14, 2024, i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in "—*Basis of Allotment*" on page 271.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, whether applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as at the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.iifl.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialised form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN: INE530B20016. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who have the Rights Entitlements credited in their demat account(s) are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form against the Equity Shares held by them as on the record date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, by May 9, 2024 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. In accordance with the SEBI ICDR Master Circular, Shareholders holding shares in physical form shall be required to provide their demat account details to our Company and the Registrar for credit of Rights Entitlements not later than two Working Days prior to the Issue Closing Date, such that credit of Rights Entitlements in their demat account takes place at least one day before the Issue Closing Date.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "**On Market Renunciation**"); or (b) through an off-market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹ 300 per Rights Equity Share (including premium of ₹ 298 per Rights Equity Share) shall be payable in full on Application.

The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) *On Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: INE530B20016 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialised form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from April 30, 2024 to May 8, 2024 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: INE530B20016 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE530B20016, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalisation of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, please see "*The Issue*" on page 43.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 1 Equity Share for every 9 Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 9 Equity Shares or not in the multiple of 9 Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

Further, the Eligible Equity Shareholders holding less than 9 Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid-up rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number LOO/Rights/ AB/FIP/70/2023-24 dated April 12, 2024 and from the NSE through letter bearing reference number NSE/LIST/41118 dated April 10, 2024. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532636) and NSE (Scrip Code: IIFL) under the ISIN: INE530B01024. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters and members of our Promoter Group

For details of the intent and extent of subscription by our Promoters and members of our Promoter Group, see "*Capital Structure – Subscription to the Issue by the Promoters and the Promoter Group*" on page 50.

Rights of Holders of Rights Equity Shares

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

(a) The right to receive dividend, if declared;

(b) The right to receive surplus on liquidation;

(c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

(d) The right to free transferability of Rights Equity Shares;

(e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares shall be tradable only in dematerialised form. The market lot for the Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of the Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and the SEBI ICDR Master Circular, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation (Marathi being the regional language of Mumbai, where our Registered Office is located).

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at iifl.rights2024@linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Managers and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock

Exchanges. Further, Application Forms will be made available at Registered Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognised as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to iifl.rights2024@linkintime.co.in.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALISED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE SEE –ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 272.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	**MONDAY, APRIL 29, 2024**
ISSUE OPENING DATE	**TUESDAY, APRIL 30, 2024**
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	**WEDNESDAY, MAY 08, 2024**
ISSUE CLOSING DATE*	**TUESDAY, MAY 14, 2024**
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	**THURSDAY, MAY 23, 2024**
DATE OF ALLOTMENT (ON OR ABOUT)	**FRIDAY, MAY 24, 2024**
DATE OF CREDIT (ON OR ABOUT)	**MONDAY, MAY 27, 2024**
DATE OF LISTING (ON OR ABOUT)	**TUESDAY, MAY 28, 2024**

\# *Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

* *Our Board or a duly authorised committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, May 9, 2024, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, May 13, 2024. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (*i.e.*, www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.iifl.com).

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board or its Securities Issue Committee in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of four days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days' period.

The Rights Entitlements will be credited in the dematerialised form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

(a) Unblocking amounts blocked using ASBA facility.

(b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition ("**MICR**") code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) **National Electronic Fund Transfer** ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as at a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

(e) **RTGS** – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS AT THE RECORD DATE.

Investors shall be Allotted the Rights Equity Shares in dematerialised (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates:

a) Tripartite agreement dated March 11, 2005 amongst our Company, NSDL and the Registrar to the Issue; and

b) Tripartite agreement dated July 27, 2020 amongst our Company, CDSL and the Registrar to the Issue

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialised form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XIII. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who –*

a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447*."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹0.1 crore or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹0.1 crore or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹0.5 crore or with both.

XIV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the period prescribed by SEBI.

3) The funds required for unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) Adequate arrangements shall be made to collect all ASBA Applications.

7) As of the date of this Letter of Offer, our Company had not issued any outstanding compulsorily convertible debt instruments. Further, our Company has not issued any outstanding convertible debt instruments.

8) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XV. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "IIFL Finance Limited - Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
E-mail: iifl.rights2024@linkintime.co.in
Investor Grievance E-mail: iifl.rights2024@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Ms. Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

In accordance with SEBI ICDR Master Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 4918 6200.

3. The Investors can visit following links for the below-mentioned purposes:

   a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: https://liiplweb.linkintime.co.in/rightsoffers/rightsissues-Knowyourapplication.aspx

   b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: www.linkintime.co.in

   c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.linkintime.co.in

   d) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: www.linkintime.co.in

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the Foreign Investment Promotion Board. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs through the FDI Policy (defined below).

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated circular. Further, the sectoral cap applicable to the sector in which our Company operates is 100% which is permitted under the automatic route.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI The FDI Policy, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for the issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

Eligibility and Restrictions

General

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into in (i) the United States or (ii) or any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone (i) in the United States or (ii) any jurisdiction in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer and any other Issue Materials should not distribute or send this Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their affiliates to any filing or registration requirement (other than in India. If this Letter of Offer or any other Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

No offer in the United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Rights Entitlements (including their credit) and the Rights Equity Shares are only being offered and sold outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act to Eligible Equity Shareholders located in jurisdictions where such offer and sale is permitted under the laws of such jurisdictions. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Entitlements or Rights Equity Shares for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, you should not forward or transmit this Letter of Offer into the United States at any time.

Representations, Warranties and Agreements by Purchasers

The Rights Entitlements and the Rights Equity Shares offered outside the United States are being offered in offshore transactions in reliance on Regulation S.

In addition to the applicable representations, warranties and agreements set forth above, each purchaser outside the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any "directed selling efforts" in the United States (as such term is defined in Regulation S under the U.S. Securities Act).

3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.

6. If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer;

7. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.

8. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements except in India or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.

9. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

10. None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

11. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Managers or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

12. Without limiting the generality of the foregoing, (i) the purchaser acknowledges that the Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Company, any of its affiliates, the Lead Managers or any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

13. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Company; and (ii) neither the Lead Managers nor any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Managers or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Managers or any of its affiliates.

14. The purchaser will not hold our Company, the Lead Managers or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Managers or its affiliates to it.

15. The purchaser understands and acknowledges that the Lead Managers is assisting our Company in respect of this Issue and that the Lead Managers is acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Managers arising from their engagement with our Company and in connection with this Issue.

16. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that none of our Company, the

Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is in the United States, or is ineligible to participate in this Issue under applicable securities laws.

17. The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.

18. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares.

19. If the purchaser is outside India, the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company or the Lead Managers with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

20. If the purchaser is outside India, the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence.

21. The purchaser is authorized to consummate the purchase of the Rights Equity Shares sold pursuant to this Issue in compliance with all applicable laws and regulations.

22. Except for the sale of Rights Equity Shares on one or more of the Stock Exchanges, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.

23. The purchaser shall hold our Company and the Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties or agreements set forth above and elsewhere in this Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

24. The purchaser acknowledges that our Company, the Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days and will also be available at the website of our Company from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated April 17, 2024 between our Company and the Lead Managers.

2. Registrar Agreement dated April 17, 2024 between our Company and the Registrar to the Issue.

3. Bankers to the Issue Agreement dated April 17, 2024 between our Company, the Lead Managers, Registrar and the Bankers to the Issue.

4. Monitoring Agency Agreement dated April 17, 2024 between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended.

2. Certificate of Incorporation of our Company dated October 18, 1995 as a private limited company with the name Probity Research & Services Private Limited, issued by Registrar of Companies, Mumbai.

3. Fresh Certificate of Incorporation of our Company dated April 28, 2000, issued by Registrar of Companies, Mumbai, consequent upon conversion from private limited to public limited company and change of name of our Company to Probity Research & Services Limited.

4. Fresh Certificate of Incorporation of our Company dated May 23, 2000, issued by Registrar of Companies, Mumbai, consequent upon change of name of our Company to India Infoline.Com Limited.

5. Fresh Certificate of Incorporation of our Company dated March 23, 2001, issued by Registrar of Companies, Mumbai, consequent upon change of name of our Company to India Infoline Limited.

6. Fresh Certificate of Incorporation of our Company dated February 18, 2014, issued by Registrar of Companies, Mumbai, consequent upon change of name of our Company to IIFL Holdings Limited.

7. Fresh Certificate of Incorporation of our Company dated May 24, 2019, issued by Registrar of Companies, Mumbai, consequent upon change of name of our Company to IIFL Finance Limited.

8. Certificate of Registration dated March 6, 2020 bearing registration no. N-13.02386 issued by the Reserve Bank of India.

9. Consents of the Directors, Company Secretary and Compliance Officer, Lead Managers, Bankers to the Issue, Legal Counsel to the Issue, the Registrar to the Issue, and the Monitoring Agency for inclusion of their names in this Letter of Offer to act in their respective capacities.

10. Consent letter dated April 17, 2024 from our Joint Statutory Auditors to include their name in this Letter of Offer, as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the Unaudited Consolidated Financial Results, and the reports issued by them, and the statement of special tax benefits dated April 17, 2024 included in this Letter of Offer.

11. Statement of special tax benefits dated April 17, 2024 from the Joint Statutory Auditors included in this Letter of Offer.

12. The Audited Consolidated Financial Statements and the review report thereon.

13. The Unaudited Consolidated Financial Results and the review report thereon.

14. Resolution of our Board of Directors dated March 13, 2024 in relation to the Issue and other related matters.

15. Resolution of the Board of Directors dated April 17, 2024 approving and adopting this Letter of Offer.

16. Resolution of the Board of Directors dated April 17, 2024 in relation to the terms of the Issue including the Record Date, Issue Price and Rights Entitlement Ratio.

17. Annual Reports of our Company for Fiscals 2023, 2022, 2021, 2020 and 2019.

18. Due diligence certificate dated April 17, 2024 addressed to SEBI from the Lead Managers.

19. In-principle listing approvals dated April 12, 2024 and April 10, 2024 issued by BSE and NSE, respectively.

20. Tripartite agreement dated March 11, 2005 amongst our Company, NSDL and the Registrar to the Issue.

21. Tripartite agreement dated July 27, 2020 amongst our Company, CDSL and the Registrar to the Issue.

22. Copy of the Tranche II Prospectus dated June 2, 2023, Addendum to Tranche II Prospectus dated June 21, 2023 and Shelf Prospectus dated December 30, 2022 of our Company.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Arun Kumar Purwar

Chairperson & Additional Non-Executive Director

Date: April 17, 2024

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Nirmal Bhanwarlal Jain

Managing Director

Date: April 17, 2024

Place: Hanoi, Vietnam

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

R Venkataraman

Joint Managing Director

Date: April 17, 2024

Place: Hanoi, Vietnam

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Chandran Ratnaswami

Non-Executive Director

Date: April 17, 2024

Place: Toronto, Ontario, Canada

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Geeta Mathur

Independent Director

Date: April 17, 2024

Place: New Delhi

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Vijay Kumar Chopra

Independent Director

Date: April 17, 2024

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ramakrishnan Subramanian

Independent Director

Date: April 17, 2024

Place: Singapore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Tritala Subramanian Ramakrishnan

Non-Executive Nominee Director

Date: April 17, 2024

Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Nihar Niranjan Jambusaria

Additional (Independent) Director

Date: April 17, 2024

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Bijou Kurien

Additional (Independent) Director

Date: April 17, 2024

Place: Paris, France

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Kapish Jain

Chief Financial Officer

Date: April 17, 2024

Place: Mumbai