IIFL HOME LOAN

IIFL Home Finance Limited

Annual Report

2020-21

AFFORDABLE. ACCESSIBLE. SUSTAINABLE.

Inside the Report

Corporate Overview

- Affordable. Accessible. Sustainable. 02
- Numbers that Reflect Sustainability 04
- Sustainable Homes Made Affordable and Accessible 06
- Right Collaborations to Expand Accessibility 08
- Fulfilling Dreams. Empowering Lives. 09
- Chairman's Message 10
- CEO's Message 12
- Our Value Creation Process 14
- Sustainable Capital with Outstanding Results 16
- Accessible Loans through Robust Phygital Capital 18
- Home Loans that are Digitally Accessible and Affordable 20
- Complete Profitability: A Sustainable ESG Initiative 24
- Our Long-Term Approach to Sustainability 26
- Our Prompt Response to COVID-19 32
- Catering to Customer Needs 34
- Corporate Governance 36
- Risk Management 40
- Regulatory Compliance 41
- Employees: Team that Makes Sustainability Accessible 42
- Environmental Responsibility that Leads to Sustainability 46
- Social Contribution 50
- Increasing Awareness Through our Digital Campaigns 54
- Awards & Recognitions 56
- Board of Directors 58

Statutory Reports

- Directors' Report 60
- Corporate Governance Report 87
- Management Discussion and Analysis 91

Financial Statements

- Standalone Financials 99

Please find our online version at
iiflhomeloans.com/annual-reports

Or simply scan to download

About this Report

We, at IIFL Home Finance Limited, take pleasure to present our first Integrated Annual Report <IR>. As one of our principal communication documents addressed to all our stakeholders, this Report contains comprehensive information of our operational and financial performance and their influence on our strategic objectives, resulting in our ability to create sustainable value. We will further keep adding more such components over the years and keep up with the unwavering trust of our stakeholders.

Our Approach to Reporting

Beginning of FY21, IIFL Home Finance Limited ('the Company') took a proactive decision to move towards Integrated Reporting <IR> in line with our commitment to voluntarily report more information to our stakeholders on all facets of our business. In this introductory report, we state our integrated value creation process to our stakeholders, using six capitals, broadly based on the principles of International Integrated Reporting Council ('IIRC'). These capitals encompass both financial and non-financial forms of capitals viz. Physical, Intellectual, Human, Social, Relationship and Natural. We also provide detailed insights into our operating environment, strategies, material issues, risks and opportunities, engagement with stakeholders and our approach to long-term sustainability.

Reporting Period, Scope and Boundary

The reporting period for this Integrated Report is from April 1, 2020 to March 31, 2021. It includes an overview of our operations, business segments and key focus strategies.

Reporting Standards and Frameworks

This Report is prepared in accordance with the International Integrated Reporting <IR> Framework, outlined by the International Integrated Reporting Council (IIRC). With this framework, the Company intends to add more transparency and accountability through the disclosures and information provided in the Report. The financial information presented in this Report includes the Director's Report, Management Discussion and Analysis (MD&A), Corporate Governance Report, and complies with the financial and statutory data requirements of the Companies Act, (2013), Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements Regulations), 2015, and the prescribed Secretarial Standards. The non-financial information presented in this Report is based on the sustainability reporting standards of the Global Reporting Initiative (GRI Standards) and additional relevant standards as prescribed by Sustainability Accounting Standards Board (SASB).

Our Approach to Materiality

The Report presents an overview of our business and associated activities that aid long-term value creation. The Report also comments on certain issues that could substantially affect the organisation's ability to create value and the steps taken to address them.

Management Assurance

The Report's content has been reviewed by the Company's senior management, under supervision of the Chairman. The Board members of the Company have also provided required insight related to Governance and overall operating context.

IIFL HOME LOAN

Affordable Homes. Accessible Reach. Sustainable Approach.

A sign of financial independence.

A symbol of progress.

An emotional security.

A place we make our own HOME.

At IIFL Home Finance Limited, we understand the credit challenges faced by people at the bottom of the pyramid. As a home finance company serving the marginalised sections of the society, our primary focus is to make our loans affordable for our customers.

But then again, what good is affordability if the people living in the deepest corners cannot access it. And so, backed by our evolving digital capabilities, we have been actively expanding our physical presence into the remotest locations pan India. Our aim is to reach those who lack formal credit options either due to unavailability of services or lack of adequate formal documents – making affordable home loans easily accessible through wider and deeper reach.

In this journey of fulfilling our customers' dream of being a homeowner, we have constantly expanded our horizons and moved ahead as a responsible corporate. Today, our focus is also on supporting green buildings and projects that help our society achieve inclusive sustainable development. Sustainability, as an approach, is a part of our DNA. It is incorporated into our strategic planning. We aim to build upon our strong foundation as we offer loans that are accessible. We endeavour to fund affordable and sustainable housing to customers with informal income documentation. Thus, making green homes a reality of brighter future.

IIFL HOME LOAN

Numbers that Reflect Sustainability

IIFL Home Finance Performance Snapshot

₹ 206,936.87 million
Assets Under Management

₹ 148,549.53 million
Loan Book

₹ 20,677.50 million
Total Income

1.97%
Gross Stage 3

₹ 4,010.95 million
Profit After Tax

125
Total Number of Branches

₹ 10 billion
Disbursements under Low-Ticket Size Home Loans

₹ 10.26+ billion
Total Subsidy Through PMAY(U)*

85%
Loans Disbursed Through Digital Onboarding

43,000+
Total Beneficiaries Facilitated with PMAY Subsidy Through IIFL Home Loan

141,593
Customers Benefited

1,770
Growing Workforce

Affordability

118,111
Loans to First-Time Home Buyers

91,000+
Affordable Housing Units Funded

Accessibility

43,653
Loans to Informal Income Segment

71,500
Loans Disbursed to Women Owners/Co-owners

Sustainability

195+
Green Projects Funded

2,768 tonnes/year
Reduction in Emissions

All the figures stated are as on March 31, 2021
*PMAY (U): Pradhan Mantri Awas Yojana (Urban)

IIFL HOME LOAN

Sustainable Homes Made Affordable and Accessible

IIFL Home Finance in Brief

IIFL Home Finance Limited was established in 2006 as a wholly owned subsidiary of IIFL Finance Limited. It was subsequently registered with the National Housing Bank (NHB) in 2009. Since its inception, the Company has progressively worked towards facilitating affordable home loans to property buyers. Through a wide network of 125 branches, backed by a digital infrastructure, IIFL Home Finance caters to the evolving home finance needs of marginalised sections across the length and breadth of the nation.

With customer-centricity at the core, the Company offers a comprehensive suite of products, including small-ticket sized Home Loans, Secured Business Loans and Project Loans. Through ethical operations, sustainable business practices and financial-inclusion drive, IIFL Home Finance, today, is at the forefront of the housing finance landscape in the country.

With sustainability as a part of our DNA, we promote construction of green buildings and ecologically responsible projects. Our 'Kutumb' platform is the solution to the impacts of the construction industry. Our strategic pillars are underpinned by our core belief of creating sustainable value and offering a superior experience to our customers. We envision reaching those in need, serving the cause of financial inclusion.

For decades we have been a digitally enabled, customer-oriented and financially prudent Home Finance Company with focus on affordable, accessible and sustainable homes.

Our focus is on expanding home loans to customers in tier I suburbs, tier II and tier III cities at affordable interest rates and fulfil the dreams of millions of first-time homebuyers.

Affordable and Accessible Solutions

Home Loans

We offer customised loans for buying a new home, renovation of existing home, construction on pre-owned land and purchase of land for building a house thereon. Catering to the housing finance needs of the salaried, self-employed and professionals, our Home Loan product, is designed to serve customers from the underserved category with informal income documents.

Our focus is on expanding home loans to customers in tier I suburbs, tier II and tier III cities at affordable interest rates. We are continually aligning our strategies with Government's 'Housing for All' mission through the Credit Linked Subsidy Scheme and catering to the needs of first-time homebuyers and woman borrowers/co-borrowers.

During the Year 2020-21

- Total 141,593 customers have been onboarded so far
- Home Loans constituted 70% of the total distribution, with 30% loans to informal income segment

Secured Business Loans

We extend Secured Business Loans to fulfil the needs of small and medium enterprises to meet the working capital requirements, business use and purchase of commercial property. These loans are backed by mortgage of residential or commercial properties. Our product provides small-ticket loan for lower-income segments such as small traders and garment shop owners, among others. We offer a maximum loan of up to ₹ 10 million with affordable interest rates and flexible repayment options.

During the year, we offered top-up loans to our existing customers within their credit limits to support their livelihood and businesses. During the same period, we also provided loans under the Emergency Credit Line Guarantee Scheme (ECLGS) as per Government policy to the eligible customers.

Affordable Housing Project Loans

We also provide Project Loans for construction expenses of affordable housing projects, being built by reputable developers. We offer customised Project Loans of various formats to developers for the construction and development of residential and mixed-use projects. Funding under this project is prioritised to environmentally and socially sustainable projects that have Green Certification. We also have several tie-ups with developers to extend credit to property buyers under the retail home loan category.

IIFL HOME LOAN

Right Collaborations to Expand Accessibility

- We proactively collaborate with the Central/ State Governments and Housing Authorities to reach the country's deepest corners – making home loans affordable and easily accessible.
- We were empanelled with the Rajiv Gandhi Rural Housing Corporation Limited, Karnataka state-level Nodal Agency for PMAY(U) scheme to extend housing loans to beneficiaries of Affordable Housing in Partnership (AHP) projects across the state.
- We were acknowledged as one among the preferred lenders to the Delhi Development Authority, which is a department under the Central Government.
- We were enlisted by the Punjab State Urban Livelihood Mission (PSULM) to fund the PMAY Beneficiary Led Construction (BLC) recipients. Moreover, we were also recommended to all the Corporations and Urban Local Bodies (ULBs) to support the mission of 'Housing for All'.
- We have been assisted by the state Governments of Andhra Pradesh, Haryana, Madhya Pradesh, Rajasthan, Gujarat, Tamil Nadu and Uttarakhand who have been helping us to take the Government's mission of 'Housing for All' forward by providing us with the data of PMAY Beneficiaries and other information/ documents.

Fulfilling Dreams. Empowering Lives.

Customer Success Stories

Scan the QR code to view the customer stories online

Mrs. Harika Kurnala

Location: Hyderabad

Occupation: General store running from home

Loan Amount: ₹ 9,84,541

Credit Linked Subsidy Amount: ₹ 2,67,280

Mrs. Harika Kurnala lives in Hyderabad with her family of three. She operates a general store and her husband works as an accountant. Harika and her husband were struggling to make ends meet and could barely manage to feed their family. Both of them only wished to educate their daughter to give her a better life. They always dreamt of buying a home. However, they never took it seriously for they believed it to be a tedious process. They thought they would have to go from one housing finance company to another while collecting and collating pile of documents for submission. This belief made them think they would never own a house. They had even approached multiple banks in the past but could never start the process due to one reason or another.

Finally, when they came to know about Pradhan Mantri Awas Yojana - Urban (PMAY (U)) from local body campaigns, they approached an executive from IIFL Home Finance Limited and inquired details. The executive helped them with details of the scheme. The documents were submitted, and upon successful verification, their loan was sanctioned. They were also able to reap benefits of reduced EMI through Credit Linked Subsidy Scheme (CLSS) under PMAY (U). Today, Mrs. Kurnala and her family happily live with dignity in their own home. They are also able to now focus on saving for their daughter's future.

Mr. Shivji Jagdish Sharma

Location: Ahmedabad

Occupation: Salesman

Loan Amount: ₹ 10,83,071

Credit Linked Subsidy Amount: ₹ 2,67,280

Shivji is a salesman living with his two daughters. They used to live in a rented accommodation in a lower-class society. The unsafe and compromised environment of that society left Shivji constantly worried about how he was raising his children. For long, he wanted to move into a secured and permanent accommodation just for the safety of his daughters. And so, Shivji reached out to various housing finance companies before his application got approved by IIFL Home Loan. Shivji, with the help of IIFL Home Loan, easily secured a subsidy on his loan amount under the Pradhan Mantri Awas Yojana. Soon thereafter, Shivji moved to his secured haven with IIFL Home Loan's easy documentation and fast-loan disbursement. Today, he is proud of the fact that his daughters can move about freely and enjoy a better-quality life within the four walls that they call home.

Mr. V. Yadamma

Location: Telangana

Occupation: Tailor

Loan Amount: ₹ 14,60,000

Credit Linked Subsidy Amount: ₹ 2,67,280

V. Yadamma is a tailor by profession who lives in Telangana. He has spent a considerable part of his life in homes with leakage issues. For Yadamma and his family, monsoons meant ill health, always. With his family's meagre earnings, four walls to live within was all they could manage, let alone repairing the leaky roof. So, when he heard of the Pradhan Mantri Awas Yojana (Urban) in an advertisement and the subsidy that the scheme offered, he decided to approach IIFL Home Loans. IIFL helped Yadamma fulfil all the documentation and guided to avail the subsidy under PMAY. Today, with the help of IIFL Home Loans and the PMAY, Yadamma is happy to be living in his own home with dignity. Now, rains bring happiness, not sickness.

Chairman's Message

It was year defined in numerous ways and yet each definition underlined just one broad takeaway: humans' remarkable ability to adapt!

Dear Shareholders,

2020 wasn't just another year. It was a time when the world, as we knew it, changed 'almost overnight'. It was a year heavily characterised by uncertainty and turbulence. It was a year defined in numerous ways and yet each definition underlined just one broad takeaway: humans' remarkable ability to adapt!

When the COVID-19 pandemic struck the world, its rapid spread started bringing about changes very fast. There was loss of lives and livelihoods across the world. Every nation, every economy and even every individual for that matter, was tested for its power of resilience and revival. It was a period that showed us the importance of being ready for a challenging environment.

At IIFL Home Finance, this crisis has helped us understand our capacity to cope and adapt. As it is said "Even crises is an opportunity". It gives me immense pleasure to inform you that we at IIFL Home Finance understood and coped with these turbulent times whilst not losing sight of opportunities. We reported a robust performance during the year.

During the initial months of the lockdown, imposed to curb the virus spread, reportedly strictest in the world, the Indian economy was sputtering. Demand was low, production fell below unanticipated levels, and trade and travel were severely disrupted. The havoc created by the COVID-19 virus got translated into poor output numbers. GDP during the first quarter tumbled to a record low of 23.9% contraction while other indicators also witnessed muted or negative growth across sectors.

The Government acted promptly to contain the impact with a stimulus package of ₹ 29.87 trillion. As the economy tiptoed its way to recovery during the second quarter, the fiscal and monetary support provided by the Centre as well as the Reserve Bank of India (RBI) gave the much-needed boost. The roll out of multiple vaccines and the largest inoculation drive, followed by the revival of infrastructure and development in the country is gradually and surely weaving a positive momentum.

The third quarter uplifted public sentiments and raised demand in the real estate sector. With the shift in work culture to work-from-home, people have now understood the importance of homes in our lives. The economy has been witnessing an increasing demand for residential units and renovation of existing homes. Furthermore, the increased focus of the Government on housing development through Pradhan Mantri Awas Yojana– 'Housing for All' initiative, revival of stalled housing projects with the SWAMIH Fund and increased budget outlay in the Atmanirbhar Bharat Package 3.0 to the tune of ₹ 180 billion improved the overall outlook of the Indian real estate sector. Thus, making home loans further affordable for customers across the social spectrum.

The Company maintained its philosophy and values even during such tough times. Whilst ensuring business continuity of operations and the safety of our staff and their families. Our constant focus was on reaching the marginalised section of the society, serving the finance needs of those with imperfect documents and fulfilling the dreams of billions of Indians to buy their own homes. Our robust business processes, led by an experienced leadership, with insightful governance oversight helped us deliver an outstanding performance during the year. At IIFL Home Finance, we registered a total revenue of ₹ 20,677.50 million, a growth of 15% with a net profit of ₹ 4,010.95 million, a growth of 64% during FY21. The growth was mainly driven by our expanding customer reach, our strategy to increase our physical reach backed by our robust digital infrastructure.

During the year we came up with new initiatives to counter the effects of the pandemic. We offered top up loans to our existing borrowers within their credit limits to provide them additional liquidity during this time of crisis. We also supported various Government schemes like collateral free loans to provide additional liquidity support to the SMEs. We helped them in their business needs during such trying times through our Secured Business Loans.

Financial inclusion and affordable home loans have always been our Company's primary objective. Serving the unserved and underserved and providing them with the finance needs have always constituted the core mantra at IIFL Home Finance. We actively collaborated with State Governments and Authorities and promoted affordable housing among the marginalised sections of the society through our Home loans. During the year, we helped over 43,000 customers to benefit and provided them with over ₹ 10.26 billion subsidy under the Government's Credit Linked Subsidy Scheme, one of the best performers of any housing finance company.

Our next focus area was increasing our physical outreach. During the year we increased our physical presence with 125 branches. We expanded our 'Phygital' edge and upgraded our digital infrastructure. We offer a paperless journey right from customer onboarding to loan disbursement. We also provided end-to-end paperless top up loans to our existing customers during the year. To walk the talk further, we also collaborated with fintechs for accepting online payments, quicker credit underwriting, auto disbursal and digitised customer experience. This helped us reduce our expenses, increase turnaround time and provide seamless customer experience. Our digital infrastructure and fintech integrations have enabled us to provide online loan approvals in just 25 minutes.

Our central priority through the year was assuring the good health and safety of our people and being resilient. We took active steps to increase awareness about COVID-19 protocols and safety measures among our employees. We also shifted to work-from-home model across the country. We organised online sessions on mental & physical health, COVID-19 awareness, and skill development to keep engaging with our people. We continued appraising our talent and rewarding them throughout the year to nurture their skills, growth and development.

Sustainability is an inseparable part of our Company. We consciously focus on funding sustainable projects through our operations. Through our initiatives 'Kutumb' and 'Green Value Partner', we funded 195+ Green building projects and helped 10 developers obtain Green building certification. We believe that to achieve sustainable growth we must focus on strategic approaches that are environmentally sustainable. We organised a major national event in which a Handbook of Green Buildings sponsored by us was launched in the presence of experts, national and international, followed by a lively panel discussion. Going forward, sustainable housing comprising green and affordable housing will figure prominently in our offerings.

Looking ahead, it is difficult, at this juncture to predict the course of the economy in the near future. India is amid the second wave of COVID-19, and a third wave is reportedly imminent. Not withstanding developments on the pandemic front, IIFL Home Finance, we have developed a strong foundation on the back of our physical and digital infrastructure and expansive nationwide reach. We are prepared for future challenges, and we will continually work towards making affordable credit easily accessible for sustainable development.

I am extremely grateful to have a dedicated and exceptional team of people advancing our goal. They were and will always remain key to our success. I also sincerely express my thanks to all our stakeholders, including our shareholders, bankers, customers and our committed employees. In these challenging and uncertain times, their continued commitment and trust make us stronger as we strive to achieve greater heights.

Best Wishes,

S. Sridhar
Chairman

CEO's Message

Our focus was primarily on two areas: delivering good performance, pursuing our priority and long-standing commitment towards our stakeholders.

Dear Shareholders,

The year 2020 underlined how to value what we have, preserve it well and proceed despite adversities. It introduced the world to the other side of life –resilience towards sudden challenges. The COVID-19 outbreak weakened our economy. From lives to livelihood, everything came under the pandemic wave. However, we at IIFL Home Finance, remained buoyant and reported a robust performance during the year. We focussed on three things: taking care of employees, delivering a good performance and pursuing our priority and long-standing commitment towards our stakeholders.

Though the Government-imposed lockdown slowed down the virus spread, it disrupted the entire demand and supply chain. Eventually, this resulted in lower growth output in the first half of the year. During the first half of FY21, the credit sector faced some uncertainties due to decline in overall optimism and consumer confidence. However, public sentiment gradually turned positive in the third quarter, as the Government announced stimulus packages and resumption of economic activities. With multiple vaccine rollouts, there was a surge in optimism.

At IIFL Home Finance, we have been fortunate to report a robust performance amid such a turbulent year. Our solid foundation, prudent risk management, strong governance and sustainable business practices helped us move forward with agility. Our leadership teams, digital reach and dedicated workforce helped us turn headwinds into tailwinds.

Our goal has and will always remain unchanged – to remain by the side of home buyers through our accessible reach and digital platforms. It gives me immense pride in saying that in a pandemic year we recorded a total loan Asset Under Management of ₹ 206,936.87 million. Our home loans – addressing the needs of the informal segment – served a total of 141,593 customers till March 2021. We fulfilled the credit needs of small and medium-sized companies through our Secured Business Loans.

The changes that we promptly adapted to in a pandemic year mirrored in our PAT of ₹ 4,010.95 million in FY21, a growth of 64%, over the PAT in FY20. Our return ratios remained consistent with a Return on Assets of 2.73% and a Return on Equity of 20.30%. We are now well prepared to further expand our loan book with a capital adequacy of 22.98% (Tier-I CAR of 19.61%).

The third quarter brought in a glimmer of hope and future prospects looked brighter with steady rise in the real estate and infrastructure sector. The acceptance of remote work culture led to a rise in the importance of home in our lives. Moreover, the Government's focus on the infrastructure sector and measures to increase liquidity in the non-banking space through co-lending, gave wings to our optimism. We improved our liquidity position through diversified fundraising. With the increase in demand, our loan assets prospered, leading to a rise in our total disbursements during the year to more than ₹ 50 billion. We also reported a sustained asset quality during the year in review. For the year under review, GNPA stood at 1.97%. The overall provision coverage ratio, including regular asset provision (Stages 1 and 2) and COVID-19 provision, stood at 138.12% of the GNPA. Along with this we have reached our collections' efficiency of the pre-pandemic times, which stands testimony to our underwriting practices and our onboarding process.

During the year, we facilitated ₹ 10.26+ billion in Credit Linked Subsidy Scheme (PMAY-CLSS), helping over 43,000 customers. We have been accredited with many state Governments and state authorities as a chosen partner in housing finance across the country. Being a fintech housing finance company, we constantly strive to ensure a smooth home buying experience for our customers. Today, our loan approval process is faster than ever. With advanced analytical tools and automation, we have made credit underwriting, appraisal and collection processes faster and accurate. Besides, instant KYC validation, e-signing and easy loan onboarding have also improved our efficiency, enhancing customer experience. Our future-ready technology infrastructure made life simpler for us as well as for our customers even during the pandemic. Through our process re-engineering , we were able to achieve a leaner organisation structure and increase our productivity.

As we still surf on pandemic waves, we need to ensure more safety and good health of our people and customers. To safeguard them from future pandemic bouts, we have actively worked towards optimising our business activities to reduce human interactions. We engaged them in COVID-19 awareness campaigns and gradually shifted to work from home to keep our employees safe. We also ensured regular workplace sanitisation and foot soldier safety by adhering to all Government laid down COVID-19 protocols. To shield our employees further, we also facilitated vaccination programmes for them, as they are the ones who handhold us in our sustainability journey.

Sustainability forms the crux of our Company, as we want to bring in a difference in the lives of people with whom we get associated with. Our practises and initiatives align with the Sustainable Development Goals (SDGs) laid down by the United Nations. We aim to fund more green projects and spread awareness about sustainable development. During the year, we funded 195+ green-certified buildings across the country through our 'KUTUMB' initiative. We have also helped our developers get green building certifications through our 'Green Value Partner' initiative.

Going ahead, our strong disbursement modus, sustained asset quality, robust collections, expansion into co-lending model, comfortable liquidity, diversified fund raising and improved productivity will help us remain future-ready holding the sustainability flag high. There is a lot that this pandemic has taught us because from tough times come tough lessons, along with fresh opportunities. We have always believed in staying prepared, agile and resilient. This crisis has reiterated our faith in our strong foundation, powerful liquidity position, deepening reach and digital prowess. Underpinned by these qualities, we are set to fulfil the wish of millions of people who intend to buy a home.

On behalf of IIFL Home Finance, I thank all the employees, customers, shareholders and stakeholders for their steadfast commitment, faith and support in the Company. I am privileged to be leading a group of such dynamic people. As always, we shall remain committed to meeting their expectations and creating more value in the process. Wishing you all good health and safety!

Regards,

Monu Ratra
Chief Executive Officer (CEO)

Our Value Creation Process

Resources Available to Us

Financial Capital

Our robust capital base raised from our investors to support business activites

- Total Equity: ₹ **21,457.09** million
- Total Debt: ₹ **130,102.45** million
- Capital Employed: ₹ **150,619.54** million

Physical Capital

Our extensive network of branches, touchpoints and digitally backed infrastructure to serve our customers

- Total branches: **125**
- States: **17**

Digital Capital

Our digital prowess, technology-backed infrastructure and efficient processes to drive product innovation

- Digital onboarding for Home Loan: **99%**
- Seamless customer experience backed by technology

Human Capital

Our competent and experienced workforce to develop and deliver our financial products and services.

- Total Employees: **1,770**
- Total Trained Employees: **82%**
- Workforce Distribution: **Flat Structure** (more than 80% forms the base)
- Average Age: **34 years**
- Accessible Workforce: **65%** of Sales Workforce is direct sales team
- **MoneyVersity**–Application-based relevant learnings to enhance employees' productivity and growth
- **Amber** -AI-powered chatbot, listening to all employees empathetically

Social and Relationship Capital

Our relationships with our societies, consumers, distributors, Government, and regulators for sustainable value creation

- CSR Spend: ₹ **79.06** million

Natural Capital

Our judicious consumption of the environmental resources and efforts to minimise our impact through sustainable business activities

- **Kutumb** – A Green Building Initiative
- **Green Value Partner (GVP)**
- **PURPOSE** (**P**latform for Green Affordable Ho**U**sing & Finance, Through **R**esearch, **P**olicy & Techn**O**logy for **S**ustainable **E**co-System)

Business Model

What We Want to Achieve

To foster inclusive growth by fulfilling the dreams of home buyers across social and economic spectrum through our affordable and accessible loan offerings, leveraging our digital infrastructure and customer experience to make 'Housing for All' a reality, and also make India green and sustainable.

Whom We Want to Serve

Primary focus on first time home buyers from salaried, self-employed and informal income segments.

What We Offer

- Home Loans
- Secured Business Loans
- Affordable Housing Project Loans

Business Model

What Differentiates Us

- Primary focus on customers with informal income documentation
- Business strategy aligned with Government's mission of 'Housing for All' through Credit Linked Subsidy Scheme, under Pradhan Mantri Awas Yojana
- 100% Home Loans are onboarded and decisioned digitally
- Asset light model with multiple tie-ups for co-lending
- Focussed on funding sustainable and affordable housing projects

Our Business

- Digital customer on-boarding, approval and disbursement
- Home Loan application through tablet-based model
- Automated credit underwriting
- Customer servicing
- Customer applications
- Robust collection and digital reconciliation

For Sustainable Value Creation

Return to Shareholders and Investors

- Profit After Tax (PAT): ₹ **4,010.95** million
- Return on Equity (ROE): **20.30%**
- Return on Assets (ROA): **2.73%**

Accessible Loans

- Customers added during the year: **32,500+**

Innovative Solution

- Time taken for online loan sanctioning: **25 minutes***
- Loan disbursement: **1 day***

Happy Employees

- Total training hours of all employees: **4039^**
- Average training hours per employee: **1.5**
- Inclusive & immersive rewards & recognition coverage: **100%**
- BCP ready offices
- Regular employee connect programmes
- Employee wellness programmes
- Moments of celebrations
- **'Great Place to Work 2020-21'** awarded 3rd time in a row
- **PRIDE** – Flagship annual R&R event to celebrate talent and achievements of all IIFL HFL employees

Financial Inclusion

- Loan to first-time home buyers: **1,18,000+**
- Customers benefitted under Credit Linked Subsidy Scheme: **43,000+**

Sustainable Housing Development

- Green units funded: **4,408+**
- Water savings: **1,73,763** kilolitres/year
- Reduction in CO_2 emissions: **2,768** tonnes/year

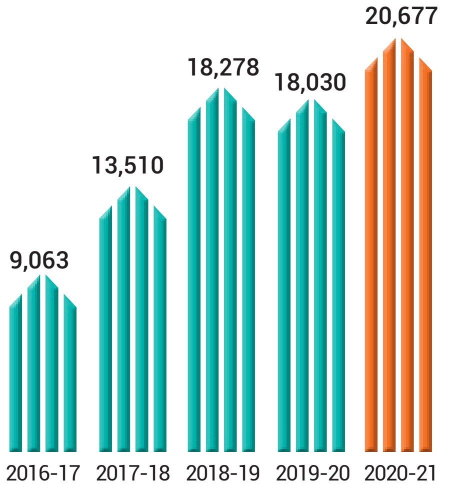
* Time and number of days mentioned may vary under different scenarios

Sustainable Capital with Outstanding Results

Financial Highlights

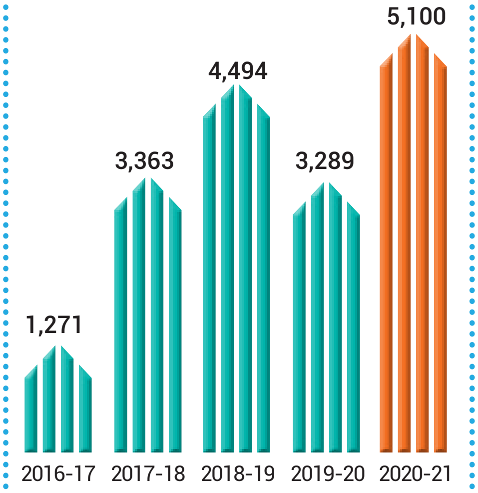
Our Financial Capital is primarily composed of equity, debt and other sources of funds contributed by our investors. We collectively amplify these funds through our strategic business activities to meet our customers' home financing needs. During the year, the Company recorded a strong performance and enhanced shareholder wealth despite the challenges posed by the pandemic.

Revenue
(₹ million)



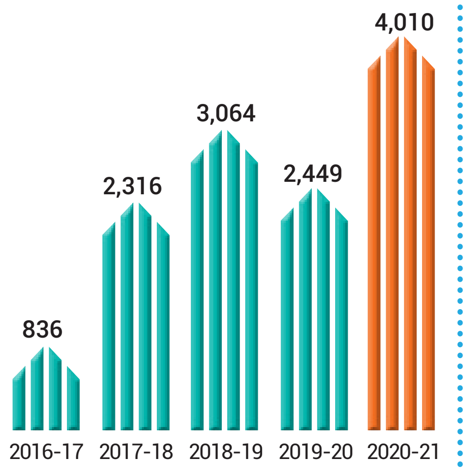
5 Years CAGR: **23%**

Profit before Tax
(₹ million)



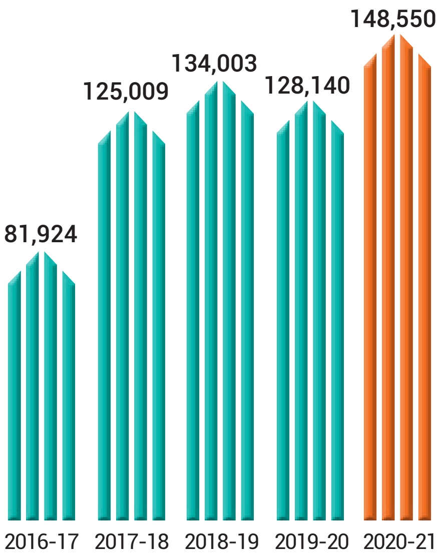
5 Years CAGR: **42%**

Profit after Tax
(₹ million)



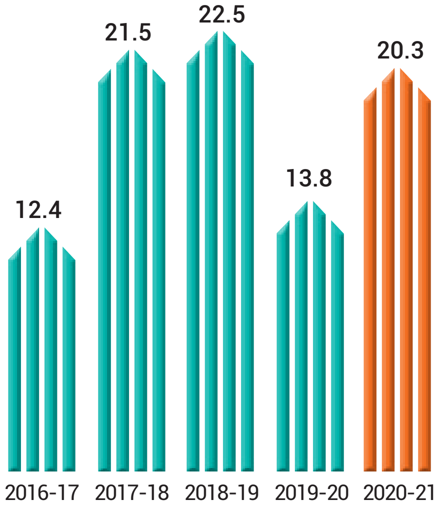
5 Years CAGR: **48%**

Loan Book
(₹ million)

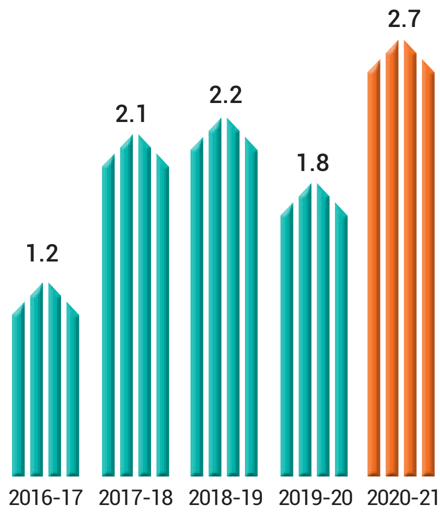


5 Years CAGR: **16%**

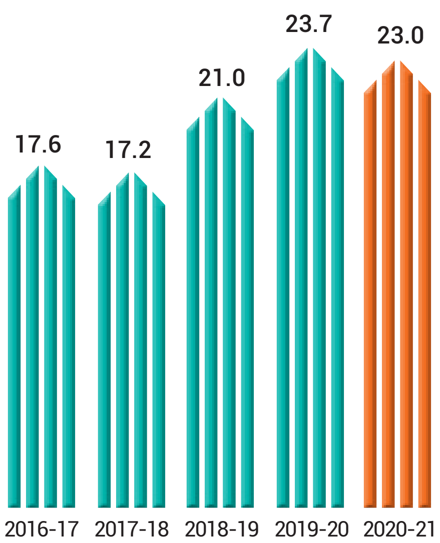
Return on Equity
(%)



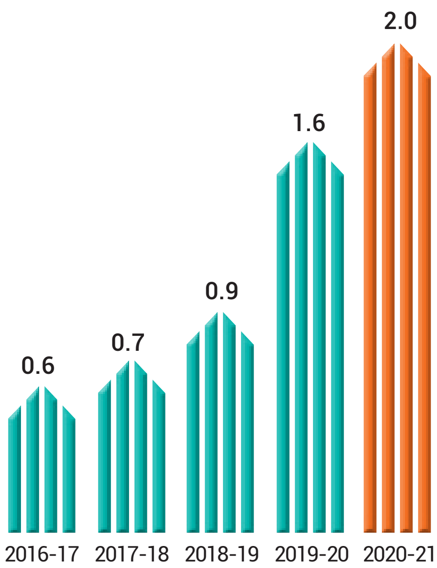
Return on Average Assets
(%)



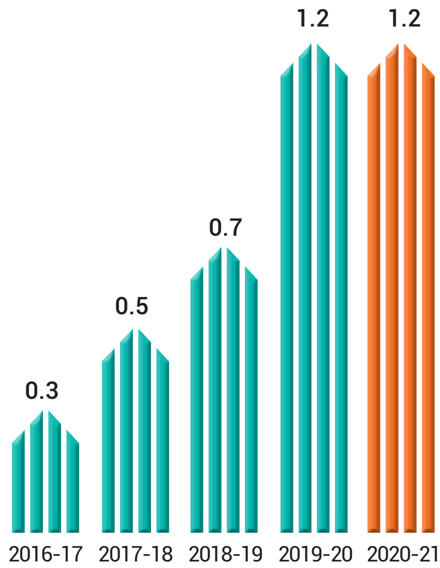
Capital Adequacy Ratio (Tier I)
(%)



Gross Stage 3 Assets
(%)



Net Stage 3 Assets
(%)



Note:
FY17 numbers are as per IGAAP | FY18-21 numbers are as per Ind AS

IIFL HOME LOAN

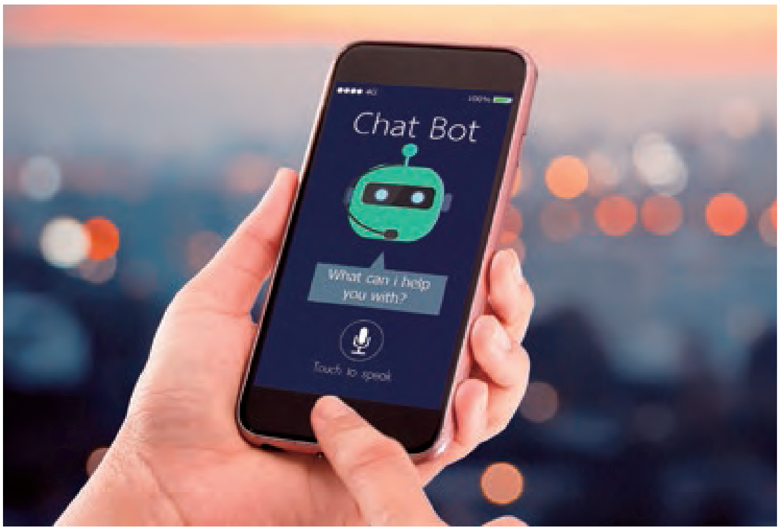
Accessible Loans Through Robust Phygital Capital

Owning a home is a dream that millions aspire for. We have been continuously expanding our phygital (physical + digital) outreach to help turn this aspiration into reality.

Enhanced Accessibility Across India

Fulfilling the financial needs of homebuyers and providing an excellent Home Loan experience is our mission at IIFL Home Finance. Customer centricity forms the core value of our business operations and guides our organisational strategies. To support the economically weaker sections of society and lower and middle-income segments, we have strengthened our physical and digital infrastructure across India; reaching more customers while promoting financial inclusion.

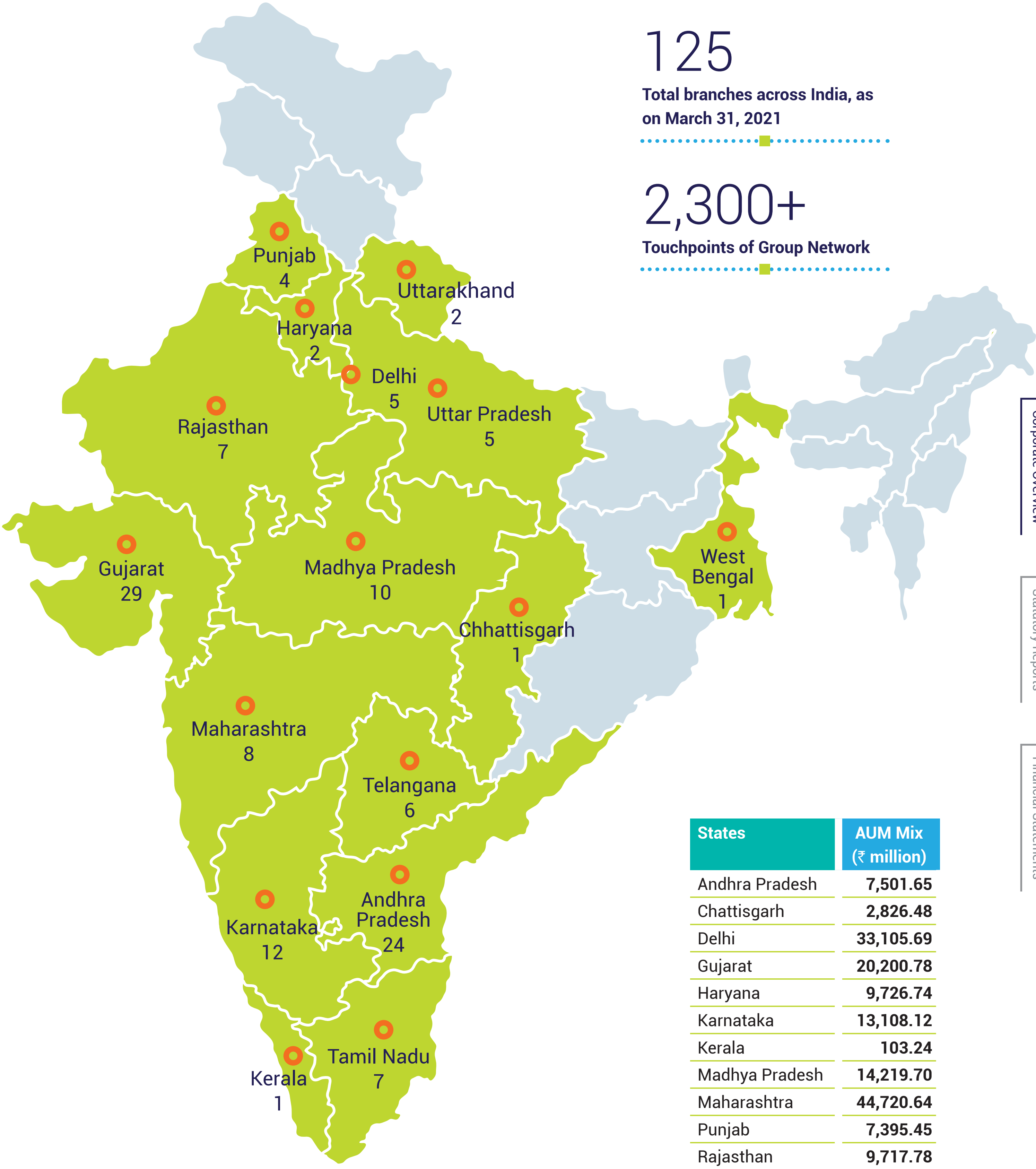
At IIFL Home Finance, we have a strong network of 125 branches across 17 Indian states. Our extensive distribution outreach enables us to reach and serve people with informal income documentation. It allows us to meet the credit needs of lower and middle-income groups with ease and convenience. Furthermore, we continually leverage IIFL Group's deep network of 2,300+ touchpoints to connect with more potential customers across the social spectrum.



Achieving Reach through Digital Transformation

Our digital strategy is aligned with the organisation's culture of customer-centricity and complete profitability. Strong digital capabilities and efficient processes across business functions enable us to provide superior customer experience and enhanced transparency.

We have adopted AI-powered centralised processing application, that caters to all Home Loan customers with ease and faster turnaround time.



125

Total branches across India, as on March 31, 2021

2,300+

Touchpoints of Group Network

States	AUM Mix (₹ million)
Andhra Pradesh	7,501.65
Chattisgarh	2,826.48
Delhi	33,105.69
Gujarat	20,200.78
Haryana	9,726.74
Karnataka	13,108.12
Kerala	103.24
Madhya Pradesh	14,219.70
Maharashtra	44,720.64
Punjab	7,395.45
Rajasthan	9,717.78
Tamil Nadu	6,936.29
Telangana	12,410.38
Uttar Pradesh	21,658.26
Uttarakhand	1,035.86
West Bengal	2,269.82

This map is a generalised illustration only, for the reader's ease to understand the locations and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

IIFL HOME LOAN

Home Loans that are Digitally Accessible and Affordable

Technology has revolutionised the way we live and conduct our businesses. In the fast-changing business landscape, technological breakthroughs have become the answer to the evolving needs of customers and businesses. Recently, the financial services industry has undergone massive transformations, making digitisation imperative for keeping up with the pace and managing transactions, end-to-end, digitally. Across sectors, technology has instrumented drastic changes in the way businesses interact with customers, making the experience seamless, cost-effective and faster.

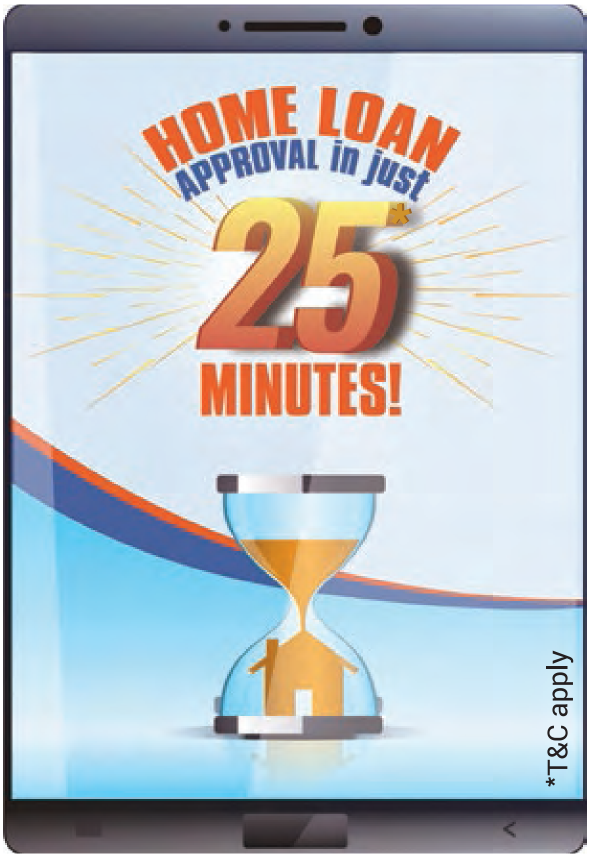
At IIFL Home Finance, when we say development, we have always meant comprehensive. Over the years, we have been actively upgrading our processes and systems to develop a robust digital architecture. We have consistently looked for ways to adapt, enhance and integrate latest technologies into our business for a better and more convenient customer experience.

Our valuable brand, technology systems, digital platforms, and knowledge-based assets (licenses, software, and procedures) are all part of our Intellectual Capital. Innovation is a constant process at IIFL Home Finance which enables us to leverage our existing digital capabilities and identify new business opportunities while aligning them with our long-term strategies.

Optimising and Enabling Technology

We operate in a constantly changing world where digital is the only normal and first in line. The outbreak of COVID-19 has accelerated the pace at which digitisation is being accepted and adopted. For us at IIFL Home Finance, last year wasn't about adopting it. It was about putting the power of our already-adapted technology to use for improving customer experience. Our digital expertise made it much easier for us to navigate through such troubled waters. During the year, we enhanced our technology platforms to ensure uninterrupted services. Our pre-existing digital infrastructure and tech-savvy attitude made it convenient for us to bring this change. Our digital competencies encompass:

- Digital lending with minimal touchpoints
- Paperless end-to-end loan processing journey
- Advanced analytics-driven tools for optimised lending processes
- Digital top-up loans with zero human touchpoints – from the eligible pool selection, customer communication, and auto disbursal

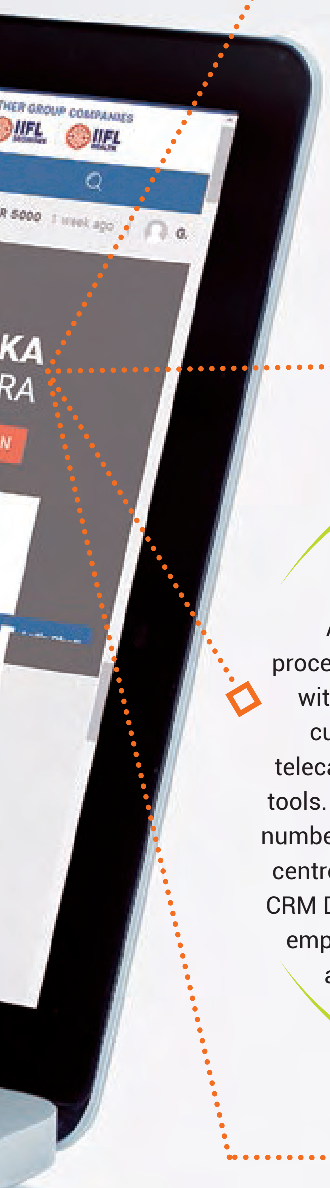


Home Loans: Digital India's Fastest Home Loan

Our home loan approval process has become faster and smarter. Our digital know-how and technology integrations have enabled us to provide loan approvals in just 25 minutes. Our fintech collaborations have proved beneficial to our customers and employees. Customers now need to fill up a lesser number of fields during the loan application process. Furthermore, our underwriting team is provided with digitally verified data, reducing the turnaround time.

IIFL HOME LOAN

We have strengthened our sanctioning mechanism over the years, making it much simpler and smoother. The following lists how we have been adding convenience in our processes digitally:



A. Digital Transactions – Paperless Onboarding Journey

We shifted from physical cheque collection to the acceptance of only online payments for initial money deposit. We also digitised all the document signing via E-Sign through Aadhaar to ensure sustainability. We also reduced the need for a physical visit, improved turnaround time and reduced paperwork through the introduction of eNACH (Electronic National Automated Clearing House) and eMandate. This helped us reduce physical paper use and provided a faster and secured process for our customers.

B. Upgrading our Credit Analysis

We actively collaborated with fintech companies for real-time validation and analysis of bank statements. In addition to the digital onboarding process, we have been able to create an automated disbursal top-up journey for well-performing customers, lowering operating expenses and turnaround time.

C. Enhanced our Collection Process

Adopted an end-to-end digital collection process, right from payment intimation to recovery with omnichannel presence, enabling multiple customer touchpoints in terms of SMS, IVR, telecalling, field collections app and legal recovery tools. Tied up with multiple partners to increase the number of collection payment options and collection centre points exponentially. We also integrated our CRM Dialler with advanced in-built logic to help and empower soft-collection telecalling team, target and interact with defaulters strategically.

D. Seamless Customer Experience

We digitised customer-service processes with self-resolution for a majority of enquiries during the pandemic through:

- Interactive Voice Response (IVR)
- Chatbots
- WhatsApp messages

At IIFL Home Finance, we will continue integrating the latest technologies in our processes. And thus provide world-class customer service as we expand our reach and scale of operations. For us, adoption of technology wasn't our answer to a crisis, it was a well thought out strategy which we have been implementing over the years. Our digital infrastructure keeps getting upgraded to match the evolving needs of the market and customers. The result: our strong profitability stands proof to our digital prowess and the role it plays in our long-term success.

Complete Profitability: A Sustainable ESG Initiative

Sustainability is a business imperative for resilience, thereby paving a path for shared and inclusive growth. At IIFL HFL, our sustainability strategy is governed by the idea of 'Complete Profitability – An ESG Initiative'. It is the DNA and the reflection of the impact made through initiatives, which we drive towards the enrichment of our four pillars of success: Employees, Organisation, Society and Environment.

Employees

- Learning and development
- Gender diversity
- Right values

Organisation

- Digital innovation
- Responsible transactions
- Policy and system for a sustainable organisation

Environment

- Environmental and health impact
- Sustainable development
- Responsible investment

Society

- Financial inclusion
- Financial literacy
- Women empowerment
- Housing for All

ESG Framework

Our integrated vision and focus on efficiency, management and productivity through the Complete Profitability model has laid the path of creating value by incorporating Environment, Social and Governance initiatives within our business ecosystem. The framework lays the foundation for integrating critical ESG aspects in our core business functions and operational boundary. The approach brings on board not only the employees and customers but also environment and the immediate ecosystem in which we operate. We have incorporated the three pillars of ESG into our business considerations.

Environment Consideration

Our objective is to minimise our natural resource footprint, carbon emissions, and promote strategies that encourage these reductions, and support in reducing the climate change impact. We launched a 'Green Building Initiative'- *Kutumb* – to reduce the environmental footprint of our affordable housing project loan portfolio. It focuses on promoting sustainable and energy-efficient real-estate development.

Social Consideration

We conduct business in an affordable, accessible and sustainable manner. Our offerings under Secured Business and Home Loans have been developed keeping in mind the socio-economic backgrounds of our customers.
We continue to promote women empowerment, employee welfare and occupational safety programmes.

Governance

We have developed sound governance structures, with clear roles and responsibilities. It showcases adherence to business ethics through our detailed policies and procedures on anti-corruption, anti-bribery, data protection and customer privacy norms amongst other policies. We aim to go beyond the compliance requirements taking into account Environmental, Social and Governance parameters.

Unraveling Opportunities

'Complete Profitability' strives to unravel new opportunities through initiatives that enable a green affordable housing ecosystem. Kutumb, GVP and PURPOSE are the key pillars of IIFL HFL's effort to accelerate adoption of Green Building concepts in India.

Kutumb

Kutumb, a connotation of family, is a thought and vision of good living for tomorrow. It is a motivator for institutionalising green technology and environment-friendly sustainable living. The revolutionary platform collaborates with stakeholders of sustainable and affordable housing in India to create awareness about Green buildings. The unique stage blends the benefits of Green Homes within affordable housing, while supporting the national vision and mission of 'Housing for All by 2022'.

Green Value Partner

Green Value Partner (GVP) provides end-to-end assistance to developers who are indulging in the green housing sector. We work with a developer throughout a project's lifecycle to ensure successful realisation of the project's vision and efficiencies. We pay a special emphasis on achieving Green Building Certification from competent green building authorities operating in India. The platform also provides a monitoring and an audit mechanism ensuring support and assurance to the entire team. The GVP programme team comprises competent technical experts with architecture, green building, and construction experience.

PURPOSE

PURPOSE (**P**latform for Green Affordable Ho**U**sing & Finance, Through **R**esearch, **P**olicy & Techn**O**logy for **S**ustainable **E**co-System) is a strategic initiative to contribute and develop an ecosystem for green affordable housing in India. The objective of constituting PURPOSE is to bring experts from varied domains of building construction, finance and sustainability, creating an advisory council to influence policies at all levels of implementation relating to green affordable housing. We leverage the platform for promoting evolution of green affordable housing policies and certifications, and supporting innovation in cost-effective green building materials, technologies, and strategies for awareness and market transformation. PURPOSE is also used for developing innovative financial structures to help create an ecosystem for sustainable development.

Our Long-Term Approach to Sustainability

Transition towards sustainable business is a collective responsibility. Our values of Fairness, Integrity, and Transparency (FIT) form the foundation of our business. As part of the commitments under transparency is to build transparent stakeholder engagement policies and processes that encourage ongoing open dialogue.

Stakeholder Engagement[1]

We have identified our stakeholders and continuously engage with them, seeking their inputs to inform our material topics. These stakeholders belong to diverse groups – Government, employees, suppliers, customers, shareholders and investors (including DFIs), and the community at large. Understandably these stakeholders have varied expectations from us and knowing exactly how to manage and address those expectations is crucial to our sustainability performance.

Our Stakeholder Groups

We use multiple engagement methods with our stakeholders. Our approach for engagement is in line with our business strategy, to address emerging trends and issues that may impact our business and community.

Stakeholder Group	Needs and Expectations of our Stakeholders	Engagement Mode and Frequency
Customer / Clients	› Products that cater to their social and financial requirements › Competitive interest rates › Ease of transaction across channels › Fair and responsive grievance redressal mechanism › Transparent information and communication › Faster loan processing and leaner documentation	› Engagement on a continuous basis › **Virtual platforms:** Inbound calls, emails, customer portal, mobile app, chat-bot › **Physical platforms:** In-person interaction with customers via physical visit to branch office › Customer feedback, complaints, and service requests are channelised for further processing via automated online portal
Employees	› Healthy work culture and job satisfaction › Competitive pay › Equal growth opportunities	› Employee feedback and communication › Town hall with senior leadership › Mid-year and annual review › Internal Human Resource Management system › Learning and development initiatives
Suppliers / Vendors / Contractors	› Ethical practices and appropriate quotes › Digital and secure engagement with vendors › Fair procurement practices › Compliance with regulatory and statutory requirements	› Onboarding screening › Regular vendor/contractor performance review
Communities / NGOs	› Development interventions › Local employment generation	› Loan *mela(s)* and financial literacy programmes conducted for community and other engagement activities › Engagement activities during the Company's response to the COVID-19 pandemic
Investors / Shareholders	› Good corporate governance › Compliance with regulatory norms › Ethical business practices › Good Return on Investments (RoI) › Business innovations and growth	› Investor communication through reports and presentations › Investor meetings (one-on-one) › Annual General Meetings (AGM)
Regulators / Government	› Ethics and transparency › Timely submission of requisite reports › Compliance with norms and regulations › Good corporate governance › Proactive participation in regulatory reforms › Co-operation with statutory audits and inspections	› Regular and direct engagement › Mandatory regulatory filings › Quarterly and annual compliance reports
Industry Peers	› Fair competition › Necessary collaborations and market making thought leadership	› Regular engagement › Participation in thought leadership programmes › Market-making activity such as green affordable housing, Green Handbook development › Co-lending with banks › PSL on-lending for banks
Media	› Timely and transparent communications › Responsiveness to queries and clarifications	› Periodic outreach › Need-based interaction
Developers	› Support for knowledge and capacity development › Financial support	› Extending construction finance for green affordable housing › Knowledge sharing and discussion through *Kutumb* › Guidance and hand-holding from conception to certification through GVP programme

[1]*GRI 102-40, GRI 102-42, GRI 102-43*

Our Approach to Materiality[2]

To remain affordable, accessible, and sustainable, it becomes important for us to identify and address topics that lie beyond the ambit of standard financial considerations. This year, we decided to walk that extra mile to cover potential ESG issues that could have an adverse impact on our business.

Our materiality assessment was conducted in accordance with the materiality framework provided by Global Reporting Initiative (GRI). We identified our material topics through mapping exercises that involved quantifying perceptions of our stakeholders to categorise them as high- and medium-priority topics.

Identification

Development of comprehensive list of material topics that were identified through preliminary screening and by stakeholders based on GRI and SASB standards, global and regional peers.

Prioritisation

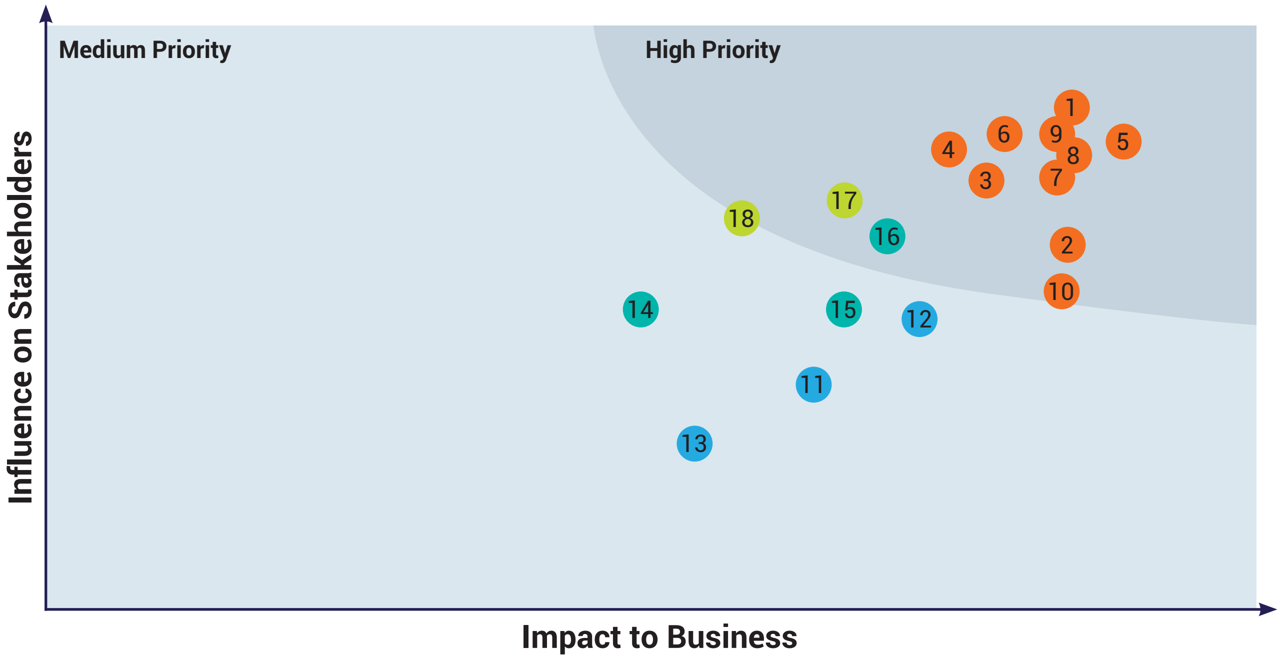
Collection and analysis of responses of materiality survey from business representatives and management to prioritise material ESG topics.

Validation

Validation of most significant material topics by Senior Management of IIFL HFL.

[2]*GRI 102-47*

Our analysis yielded 18 material topics that are of material importance to our business and our stakeholders. These topics are aligned to UN Sustainable Development Goals (SGDs) to ensure we contribute towards them meaningfully. The topics also align with our four pillars under 'Complete Profitability'.



Priority number	Material topics – High priority	Organisation	Social	Employees	Environment
1	Customer satisfaction				
2	Fair and transparent communication of products and services				
3	Lending practices				
4	Economic performance				
5	Ethics and transparency				
6	Risk management				
7	Data security & customer privacy				
8	Brand & reputation management				
9	Regulatory compliance				
10	Digitalisation				
16	Human capital				
17	Climate change				
18	Environmental protection and resource efficiency				

Priority number	Material topics – Medium priority	Organisation	Social	Employees	Environment
11	Social impact of financial services				
12	Financial inclusion				
13	Empowering communities				
14	Diversity & inclusion				
15	Commitment to human rights				

Addressing our Material Topics[3]

The table below highlights significance of identified material topics for IIFL HFL.

Material topic	Associated GRI disclosure	Significance of material topic	Impact boundary	Relevant SDGs
Category: Organisation				
Customer satisfaction	-	Identification and fulfillment of needs of the customers is one of the most important success factors for an organisation. Satisfaction of the customer is an indicator of quality service delivery. It helps in broadening the customer base which is critical for business success	Within and outside the organisation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Fair and transparent communication about products and services	GRI 417: Marketing and Labelling	Transparent and timely communication regarding products, Most Important Terms and Conditions (MITC), regulations, benefits, obligations of organisation and customers, and others help in boosting trust of customers and other stakeholders	Within and outside the organisation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Lending practices	-	Being a housing finance company, we have a responsibility to adhere to the best lending practices and adopt innovations to maximise value for all stakeholders. A responsible lending practice not only minimises possibilities of Non-Performing Assets (NPAs) but also helps us in ensuring end use in an environmentally responsible manner	Within and outside the organisation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Economic performance	GRI 201: Economic Performance	Good economic performance is a prerequisite for sustenance of an organisation. It instils confidence in stakeholders for our business model	Within and outside the organisation	8 DECENT WORK AND ECONOMIC GROWTH
Ethics and transparency	GRI 102: General Disclosures GRI 205: Anti-Corruption GRI 206: Anti-Competitive Behaviour	Ethical business conduct is one of the fundamental pillars of a successful business. We strive to adhere to the highest standards of business ethics. It helps us in maintaining confidence of all our stakeholders	Within the organisation	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Risk management	GRI 102: General Disclosures GRI 201: Economic Performance	Due to the nature of our business, we are exposed to several financial and non-financial risks and opportunities. Real estate sector has substantial environmental footprint. Furthermore, climate change is expected to impact housing sector significantly. Therefore, risk management is crucial for our business. Strong risk identification and management are the basis for growth of our organisation	Within the organisation	13 CLIMATE ACTION
Data security & customer privacy	GRI 418: Customer Privacy	Due to nature of our business, sensitive and personal information of our clients and customers are in our possession. It is our utmost responsibility to protect such information from being leaked or misused for any purpose other than intended. Such practices help in building stakeholders' value	Within the organisation	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Brand & reputation management	GRI 417: Marketing and Labelling	A strong brand helps an organisation to broaden customer base and grow consistently. We are conscious about our brand and the goodwill which we enjoy amongst our stakeholders. We strive to enhance both of these	Outside the organisation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Regulatory compliance	GRI 307: Environmental Compliance GRI 419: Socio-economic Compliance	Being an entity operative in financial sector, several regulations are applicable on our business. Non-compliance with existing regulations not only attracts penalties and sanctions but also affects the business adversely. Therefore, it is crucial for us to maintain 100% compliance with the applicable regulations	Outside the organisation	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Digitalisation	–	Digital technologies help in making businesses effective and efficient. Adoption of digital technologies aid in enhancing our reach and results in minimized environmental footprint through reduction in our paper consumption	Within the organisation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Material topic	Associated GRI disclosure	Significance of material topic	Impact boundary	Relevant SDGs
Category: Employees				
Diversity and inclusion	› GRI 102: General Disclosures › GRI 405: Diversity and Equal Opportunity	A diverse workforce comprising people from all sections of the society helps in improving productivity of and effectiveness of an organisation. We endeavour to build an inclusive organisation, it makes Diversity and Inclusion (D&I) a material topic of high importance to us	Within the organisation	8 Decent work and economic growth
Commitment to human rights	GRI 412: Human Rights Assessment	We advocate adherence to the highest standards of protection and promotion of human rights. Protection of basic human rights is a foundation stone of a civilized society. Furthermore, the real estate sector, having largely an unorganised workforce, is vulnerable to violations of human rights. Therefore, we strive to demonstrate highest levels of commitment to protection of human rights	Within and outside the organisation	8 Decent work and economic growth
Human capital	› GRI 404: Training and Education › GRI 401: Employment	Employees are the backbone of an organisation. Well-being of employees also ensures productivity and effectiveness. Housing finance sector is dynamic, therefore, it is essential to upskill the workforce continuously. These factors make human capital management a material topic of high importance	Within the organisation	9 Industry, innovation and infrastructure 8 Decent work and economic growth
Category: Social				
Social impact of financial services	–	The housing finance business has significant economic benefits, within this, affordable housing serves to providing improved quality of life to underserved sections of the society. By supporting this, we strive to maximise the positive social impact of our operations	Outside the organisation	11 Sustainable cities and communities
Financial inclusion	–	Expansive coverage of financial services, leads to, and is a strong, positive indicator of economic development. We endeavour to bring all strata of society under the ambit of financial services	Outside the organisation	10 Reduced inequalities 11 Sustainable cities and communities
Empowering communities	GRI 413: Local Communities	Maintaining a healthy and positive impact in the communities with our initiatives such as sustainable living and financial literacy is critical to maintaining our social license to operate and to create wider prosperity	Outside the organisation	11 Sustainable cities and communities
Category: Environment				
Climate change	GRI 305: Emissions	Climate change and events associated with it have the potential to affect the real estate sector significantly. The real estate sector anyway has significant environmental impact. Therefore, prevention and mitigation of climate change related outcomes is a significant material topic for us	Outside the organisation	13 Climate action
Environmental protection and resource efficiency	› GRI 302: Energy › GRI 303: Water and Effluents	Though we do not have significant direct environmental footprint, our downstream investments have substantial environmental impact. Therefore, environmental protection is of prime importance to us	Within and outside the organisation	11 Sustainable cities and communities 12 Responsible consumption and production

[3]*GRI 102-46*

Our Prompt Response to COVID-19

The COVID-19 pandemic and subsequent economic disruption has surprised the world with its simultaneity, severity, and spread. The infection has spread across the world impacting millions of people and lives. In order to curtail adverse health impacts, governments across the world imposed strict containment measures in the form of nation-wide lockdowns and restrictions on activity and mobility.

At IIFL HFL, our singular priority from the onset of pandemic was to ensure health and safety of our employees, customers, and other stakeholders. We have continuously mobilised full strength of our resources towards supporting our community, including the heroic frontline workers through various initiatives. We followed a multi-pronged approach for ensuring business continuity and supporting our stakeholders throughout the pandemic, while we continued to expand our efforts to address ever-changing pandemic-related developments.

Maintaining Business Continuity

Business continuity was ensured by taking proactive measures before the announcement of the formal lockdown. Our Business Continuity Crisis Management Team leapt into action and worked in close coordination with the central and regional COVID Response Team, responsible for ensuring adherence to safety protocols, and local Government orders.

The Business Continuity Management team also worked closely with the IT team to ensure that IT infrastructure and systems were in place, tested and checked before the formal announcement of lockdown. Our technology team played a vital role in ensuring optimal operation of our systems and provided access to all employees for a smooth operation out of their homes.

Ensuring Employee Health

To protect the mental and emotional well-being of our employees, our Employee Assistance Program was launched. It provides one-on-one support to employees who are experiencing issues such as anxiety, stress or panic due to the pandemic and associated lockdown.

We were also cognizant of the medical and monetary support that the employees would require during the pandemic. As a precautionary step we tied up with Doctor Batra's to ensure our employees had access to boosting health and well-being through Healthify app. Additionally, we upgraded the group medical insurance to cover COVID-19 treatment. We also organised webinars and videos with leading doctors for sensitization on common health issues and tips to lead a healthier lifestyle.

We leveraged our IT infrastructure to undertake multiple employee support measures. We conducted trainings to facilitate and familiarise our employees with work from home practices, digital tools and platforms.

Enabling Warriors

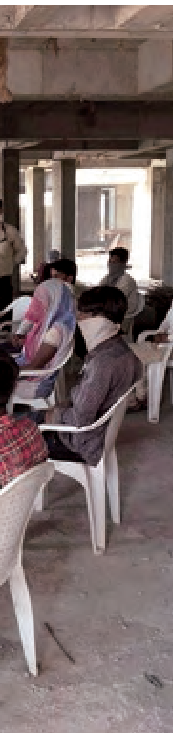
We reached out to our customers who are the frontline warriors of COVID-19, to hail their spirit for fighting day-in day-out, throughout the year to keep the nation healthy and safe. We celebrated the brave hearts, milestones and their efforts to overcome the challenges of the pandemic. In Srinagar district, we responded to the community's requirement of oxygen concentrators by provisioning 24 concentrators that supported the recovery of patients.

In Mumbai we provided support to 'Mumbai Police Foundation' towards procurement of protective gears for on-duty personnel. We also collaborated with FICCI Socio Economic Development Foundation for procuring medical kits for the healthcare workers.

Providing Immediate Relief

The nationwide lockdown brought in uncertainties, especially among the vast migrant workforce of the nation. We devised a relief programme to support construction site workers at project sites financed by us in Mumbai, Delhi, Ahmedabad, Bangalore and Hyderabad.

The aim was to provide essential dry ration and personal care items such as masks, sanitizers and soap kits to workers and their families. The response team was able to reach out to more than 1,000 workers and their families. As a means of supporting our community members, our



employees donated their one day's salary towards PM Cares Fund. A consolidated amount of ₹ 50 million was donated towards the cause.

Moratorium of Loans

In accordance with Reserve Bank of India guidelines, we granted moratorium on the payment of monthly instalments due between March 1, 2020, and August 31, 2020, to all eligible borrowers. We informed our customers about the terms and conditions, benefits and disadvantages and the process of availing moratorium in a transparent and precise manner. Additionally, we have passed on the benefits of an Emergency Credit Line Guarantee Scheme (ECLGS) to eligible borrowers.

Radio Campaign – 'Sustainable Homes'

We conducted various campaigns to promote sustainable practices in households. Our effort is largely focused on raising public awareness about the diverse effects of daily choices on long-term environmental impact. We reached out to 7 major cities with a radio campaign 'Sustainable Homes' and customised our information in regional languages like Telugu and Kannada for better reach amongst locals. With assistance from our channel partners, we were able to reach our target locations like Bengaluru, Hyderabad, Mumbai, Pune, Ahmedabad, Delhi, and Indore. This helped us to reach out to 26.18 million listeners with the help of local radio broadcasting partners like Radio Mirchi and Red FM.

Catering to Customer Needs

We strive to be the most respected organisation in the home financial services sector and a trusted partner to our customers. We aspire to create greater value for our customers in a responsible and sustainable manner.

Customer Satisfaction

At IIFL HFL, we have a sound understanding of our customers' requirements and channelise this knowledge to advise and educate them to make an appropriate decision. Our in-depth understanding of the needs of the economically weaker section (EWS), lower and middle-income group (LIG/MIG), along with our expertise, enable us to fulfil their dreams of buying a home. In the wake of the pandemic, we conducted an online survey for customers who have been facilitated with Credit Linked Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana (PMAY) and our findings presented that 86.5% of the respondents expressed happiness with moving into their own homes.

In the reporting period, we reached out to more than 45,000 customers for loan top-ups.

Initiatives to enhance customer satisfaction

- Introduction of auto disbursal top-up loans for well-performing customers
- Automation of customer service processes for customer queries
- Automated IVR solution in place for repetitive customer queries
- Engagement through Loans App, Website Chatbot, Customer Portal and WhatsApp
- Introduction of multiple collection channel for online payments
- Digitalisation of all document signing through E-Sign via Aadhaar
- Transition to online payments

Data Security and Customer Privacy[8]

Data security and customer privacy are among our most material topics and are top priorities for IIFL Home Finance and our stakeholders. We emphasise on having the right technology, systems, policies, processes and talent in place to mitigate the risks arising from cybersecurity. We are ISO 27001:2013 certified, which certifies that we are following the reasonable good practices for managing Information Security.

Our IT Policy, Information & Cyber Security Policy and processes are aligned with NHB, RBI Master Directions, ISO 27001 and Industry leading Practices. The Chief Information Security Officer is responsible for Information Security, a large extent of IT governance and Business Security Management framework at IIFL HFL.

In the event of a potential breach, we follow a robust process to ensure effective response, which includes:

- Our Customer Services would forward the complaint received and the same would be looked into by the incident management team and the department concerned
- Cybersecurity emergency response team would handle the incidents of customer privacy breach
- Complaint is addressed within 15 minutes to understand and resolve the issue

Our incident management plan is well documented and undergoes regular internal and external audits. It covers customer data breach, ransomware and hacking, intrusion to our network, virus attack and malware attack. In the reporting period, no account holder has been affected due to data breaches involving Personally Identifiable Information (PII).

[8]*SASB FN-CF-220, SASB FN-CF-230, GRI 418-1*

[9]*GRI 102-9*

[10]*GRI 201-1*

Engaging With the Supply Chain[9]

Our suppliers are present across the country and are essential for our business continuity. We engage with a variety of banks/financial institutions, legal/ technical/KYC vendors, operation support vendors, physical infrastructure vendors and digital solutions and communication vendors to procure a variety of services.

Economic Performance[10]

The nationwide lockdown in April-May 2020 posed various challenges and adversely impacted economic activity across the world. Relaxation from the regulating authorities and lockdown measures gradually improved the economic condition. These developments resulted in regulatory measures such as moratorium on payment of dues and stand still in asset classification to mitigate the economic consequences on the borrower.

Sl. No.	Particulars	FY21 (₹ million)
1.	Direct economic value generated: Revenues (A)	19,569.66
2.	Economic value distributed (B):	
	Operating costs	588.93
	Employee wages and benefits	1,584.43
	Payments to providers of capital	10,532.73
	Payments to Government by country	1,088.88
	Community investments	73.40
	Total (B)	13,868.37
3.	Economic value retained (A-B)	5,701.31

This year, our focus revolved around building operational effectiveness across business functions to address our goals, investing in technology to ensure efficient operations, and improving processes to sustain execution excellence. We expect this to fuel our growth in the coming years.

Corporate Governance

As we propel towards achieving our vision of being tech-enabled organisation with focus on low-ticket affordable housing loan, there is a greater need for us to be responsible and accountable to our stakeholders. We intend to establish and practice highest degree of corporate governance at all levels of business operations through emphasis on reliability, transparency, integrity, timely disclosures of information, fairly dealing with stakeholders and robust internal controls.

Governance Structure[4]

Our comprehensive governance framework is designed to help us arrive at decisions which are in the best interests of all stakeholders. The Board of Directors, comprises both executive as well as non-executive directors who drive sustainable organisational growth. Our governance framework also establishes the manner for raising the board and executive management's awareness on ESG-related risks and management of the same. The composition of Board of Directors and its committees are in conformity with the applicable provisions of the Companies Act, 2013, and SEBI Regulations 2015. The Board is composed of Executive (1), Non-Executive (3) and Independent Directors (4) with an extensive experience in the financial service sector and proven expertise. Our Board comprises one woman member.

[4] *GRI 102-18*

Responsibilities of the Board

The key purpose of the Board is to ensure the Company's prosperity by collectively directing its affairs whilst safeguarding the interests of its stakeholders.

1. Enabling vision, mission and values, and determining and reviewing the goals and policies of the Company from time to time
2. Setting strategy and structure and deciding the means to implement and support them
3. Delegate to Management, determine monitoring criteria to be used to ensure effectiveness of internal controls
4. Exercising accountability to shareholders and be responsible to relevant stakeholders
5. Establish accountability for company management and assure reasonable internal controls

Board Committees

The Board has appointed various committees in line with industry good practices and regulatory requirements. The committees facilitate efficient administration and management of policies and ensure timely resolution of diverse matters through an objective decision-making process. As part of the committees, the Board of Directors provide guidance to the management on various strategic aspects and oversee the actions and results towards achievement of long-term objectives.[1]

Governance
- Policy & Risk
- Compliance
- Finance & Treasury
- Internal Audit

Core Functions
- Sales
- Credit
- Technical
- Legal
- Collections

Support
- Operations
- Strategy
- Technology
- Marketing
- Human Resources

Governance Policies

The governance at the organisational level is driven through a host of policies, guidelines and codes.

Salient features of the Code include

1. Clarity on Group's guiding principles
2. Alignment to IIFL Group value systems
3. Maintenance of business relations, fair competition, and protection of proprietary information
4. Detailed clause on anti-bribery, anti-corruption, gifts and entertainment, insider trading, conflict of interest, political activities and contribution, protection of assets, and information and behaviour at the workplace

The Compliance department undertakes periodic reviews for the efficacy of codes and policies. It proposes amendments based on market trends, global good practices, and stakeholder feedback[16].

[16]*GRI 307-1 and GRI 419-1*

Snapshot of our policies

Corporate Social Responsibility Policy
For contributing to the social good

Vigilance Policy
To reinforce robust implementation of Company's code of conduct, reporting and auctioning instances of unethical / improper conduct

Nomination and Remuneration Policy
Guidance on matters related to appointment, remuneration and performance evaluation of senior management

IIFL HOME LOAN

ESG Policy
To integrate ESG considerations and practices within operations

Grievance Redressal Policy
To formalise the customer grievance addressal process

Policy on Prevention of Sexual Harassment
For protection of women at the workplace

Anti-corruption Policy
To combat corruption and to conduct business in an honest and ethical manner

ESG at IIFL HFL[5]

During the reporting period, we formulated our ESG policy and framework, which aims at integrating ESG considerations within our operations. We aim to steer positive change in the society by promoting the adoption of practices that will mitigate ESG risks through our lending practices, products and services.

Purpose of the ESG Policy

The policy encourages the ideology of sustainable environment and society by informing stakeholders of our approach to ESG-related initiatives and envisaged response to environmental and social risks.

Objective of the ESG Policy

The policy acts as an instrument for communicating how we integrate ESG considerations in our conduct and processes across all categories and the factor that influence such decisions while we remain committed to maximise investment performance.

[5] *GRI 102-12*

Our ESG policy and framework is aligned with international standards and principles including:

- Guiding principles of UN Global Compact (UNGC)
- UN Principles for Responsible Investing (UN PRI)
- International Standards Organization (ISO) environment management guidelines
- World Bank Group's General Environment, Health and Safety (EHS) Guidelines
- United Nations Sustainable Development Goals (SDG)

The policy is applicable to all business functions and branch offices owned by IIFL HFL and works in tandem with the local laws and regulations. The framework is governed by our ESG Committee, which comprises senior management, independent director(s) and other executive members from business units.

As part of implementation and mobilisation of our ESG Policy and Framework, we have conducted multiple ESG orientation workshops for senior management.

- Policy statement detailing IIFL HFL's goals
- Governance mechanism in place for ESG risks

- Delineation of roles and responsibilities specific to managing ESG risks
- Evaluation of performance against set benchmarks

- Engaging with stakeholders and disclosing information in policies and guidelines, compliance and vigilance mechanisms and our risk management systems

- Evaluating effective implementation through regular audits
- Monitoring portfolio coverage in a regular frequency

IIFL HOME LOAN

Risk Management[6]

We have a defined risk management strategy and framework, which is devised to identify, measure, monitor and mitigate various risks. A Risk Management committee, guided by the policy, directs appropriate systems to mitigate all material risks faced by the Company.

The risk management framework draws inspiration from 'Three Lines of Defence' approach. Within this, the Company management acts as first line of defence, functional team such as risk management and compliance act as second line of defence and the internal audit acts as third line.

[6]GRI 102-30

Line of Defence	Functions	Scope and Authority
1 Company Management	› Risk Committee › Information Strategy Committee › Audit Committee › Asset Liability Committee	› Integration of risk principles across all businesses › Risk strategy and advisory › Risk policies › Controls & review › Organisational communications
2 Functional Teams	› Risk Department › Business Function	› Policy implementation › Risk monitoring & reporting
3 Internal Audit	› Internal Audit Department › Risk Analytics	› Independent reviews › Reporting to Board Committees

The risk review is done at multiple stages and frequencies by the Risk Department. The robust risk monitoring framework utilises five distinct strategic analysis to identify risks at inception stages. Our risk landscape includes Credit Risk, Liquidity Risk, Digital Risk, Third Party Risk, Collateral Risk and Operational Risk.

Monitoring

Customers' performance is monitored through monthly **reports** and **dashboards**, parameters include:

› Customer profile › Geography › Bureau checks › LTV and DBR

Early Warning Signals

› On the basis of monthly reporting, exceptions are highlighted to the respective teams › The tools used for EWS include bureau data, bounce trends and market new, if any

Off-Us Performance

The current repayment behaviour of the customers is tracked through the bureau data and same is utilised for better collection efficiency

Stress Testing

Stress Testing includes:

› Defining various scenarios › Data compilation and validation › Modeling the impact of scenarios on risk parameters through PD, LGD and EAD

Vintage Analysis

› Vintage analysis allows monitoring of credit quality and thereafter taking corrective actions w.r.t. policy and processes › The data is grouped into segments on the basis of origination month and analysed for the various time periods

Regulatory Compliance

Our compliance system follows a systematic approach to ensure that our practices are in accordance with the regulations. We have not only raised the bar on compliance far above the basic 'laws of the land', but we have also adopted leading standards and practices.

The compliance department ensures organisation-wide compliance to the relevant laws, policies, and regulations. The department works in conjunction with relevant departments to guarantee rapid and smooth implementation of evolving rules and regulations.

Compliance system at IIFL HFC

- Receipt of complaints from regulatory bodies and stakeholders
- Analysis of impact on organisation and action required
- Communication to the relevant department for implementation
- Implementation at the department level

Periodic reporting on progress to Board of Directors and relevant stakeholders

We put emphasis on ensuring 100% adherence with applicable laws and regulations. The area of improvement, if any identified by the Auditors, regulators among others, are discussed and implemented for improving overall compliances. Any penalties incurred by regulatory action are transparently disclosed to the stakeholders through website of the Company and/or Annual Report as and when applicable.

Anti-Corruption[7]

Ethical business conduct is a key focus area at IIFL, not just at the management level but also operational level. Multiple corporate policies and operational processes have been put into place to avoid breach of conduct.

Our code of conduct, supported by the Anti-Corruption Policy, guides the Company to combat corruption and conduct our business in an honest and ethical manner. We have zero-tolerance approach to bribery and corruption and are committed to act professionally, fairly and with integrity in all or dealings wherever we operate.

In the reporting period, we have mandatorily trained 100% employees on anti-corruption laws and policies of the Company. The Company has policy to investigate and take strict actions against anyone found involved in such practices. The implementation and reporting oversight is done by the Board of Directors, which is supported through the whistle-blower policy.

[7] *GRI 205-1, GRI 205-2, GRI 205-3*

Employees: Team That Makes Sustainability Accessible

For several years, we at IIFL HFL, have been working towards sustainable growth, and have equally invested in engaging and developing our workforce. We offer a work culture and workplace environment that attracts, values, appreciates and, thereby, retains talent. A Human Resource Management policy is guided by our Code of Conduct and core values of Fairness, Integrity and Transparency.

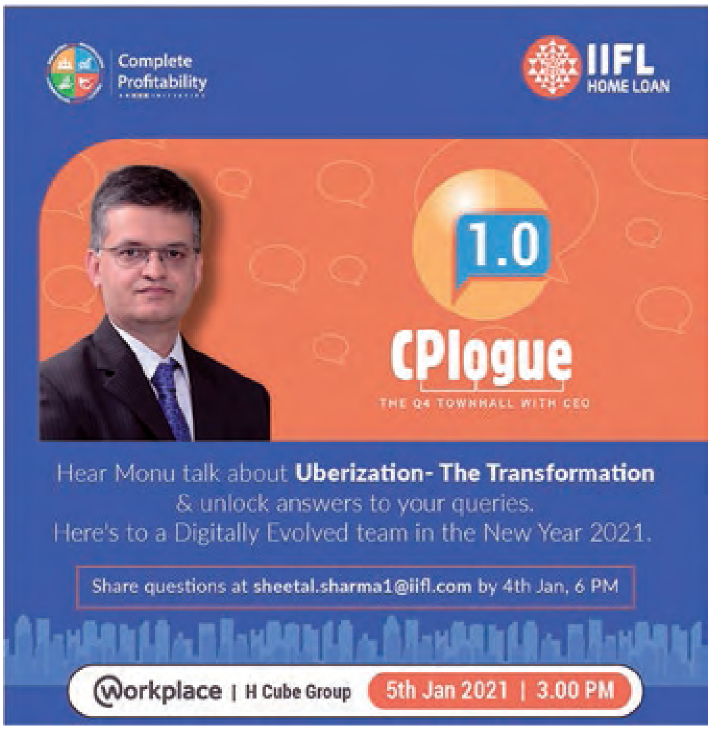
The implementation of the initiatives for employee upliftment are driven through the centralised Human Resources team, which is supported by regional HR teams. Currently, there are four regional HR teams, which provide support to all the regional employees. In the reporting period, we have also introduced the virtual HR, which leverages on Artificial Intelligence to deliver round-the-clock support to all employees.

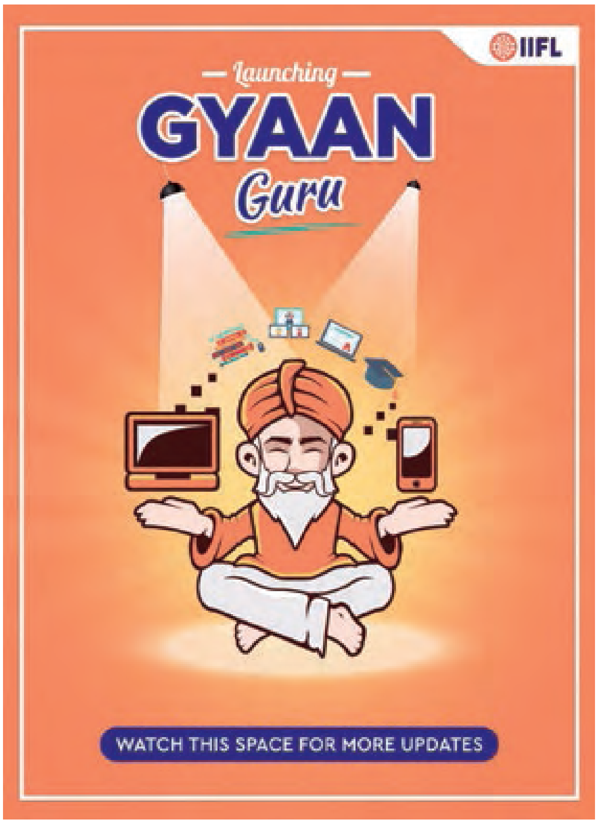
Employee Wellness and Engagement

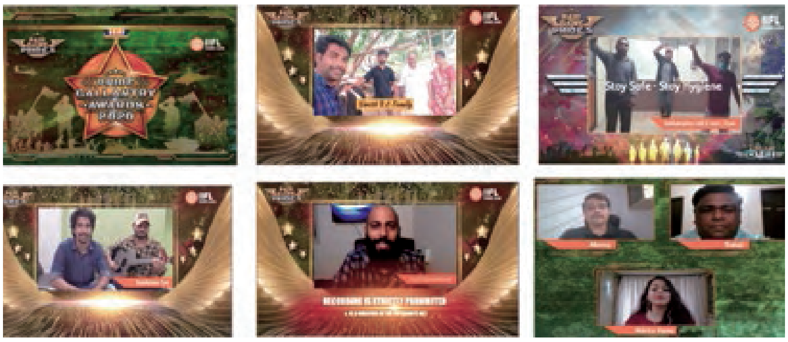
Employee wellness and engagement was our focus for FY21. Our unique programmes, workshops, and webinars were targeted to maintain physical and mental wellness of our employees. Our partners like Dr Batra's, Connect & Heal, SilverOak launched several programmes reaching out to employees for medical and psychological consultation and support. To ensure physical fitness of our employees, we had GoFit gamified challenge with our health partner – HealthifyMe with exciting rewards for reaching the fitness goals. Our employees actively participated in campaigns like #MereGharSe, Knowledge Nuggets, functional interactive Virtual Instructor Led Trainings (VILT) and fun quizzes.

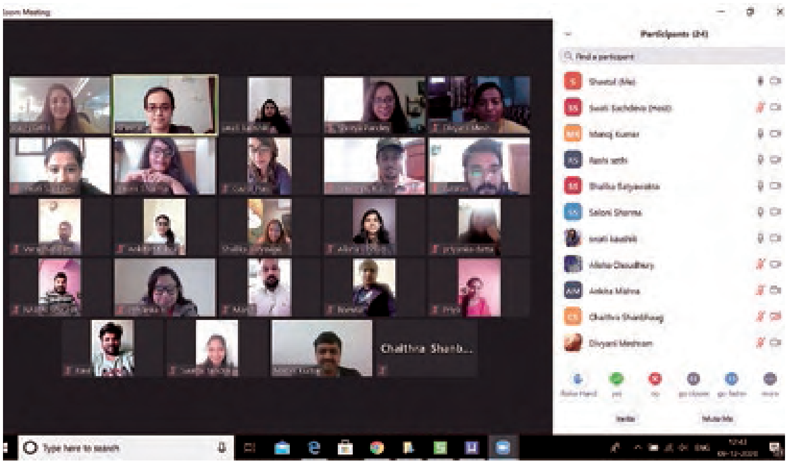
During the pandemic, we invoked Business Continuity Planning (BCP) to ensure smooth workflow and employee safety. The processes and employees were transitioned to work from home. From virtual meetings and virtual celebrations to learning new soft skills and adapting new ways of life, we rapidly adapted to the new standards. We also set up central and regional COVID-19 response teams. These teams were in charge of monitoring employee protection procedures in the offices and ensuring compliance with local Government orders.

During the pandemic, we circulated IIFL branded COVID-19 awareness booklet Karuna v/s Corona to all our employees. We also provided immunity booster supplements and launched Employee Assistance Programme (EAP) services to ensure mental support to our employees. Additionally,









we undertook precautionary steps, ensured regular sanitisation at all our branches and conducted daily temperature checks of our people.

We also created informal groups on various messaging apps for developing plan of action and engagements related to new processes and policies. Apart from this, the pandemic did not deter us from celebrating our festivals and celebration, albeit virtually.

During the times of social distancing, we digitalised PRIDE, our annual Rewards and Recognition (R&R) event. Employees were recognised for their previous year hard work and zeal. During the reporting period, all zones were acknowledged separately followed by the culmination through a national pride. There was provision for entertainment during the R&R and the much-awaited IIFL's Got Talent.

Our AI-enabled chat bot reaches out to all our employees at the crucial time of their IIFL journey, understands their ideas, suggestions and complaints and takes their inputs to the top management for instant resolution. We have anonymous chat where the employees can share their thoughts anonymously.

We have multiple communication forums for employees to interact, cutting across geographies, departments, and hierarchies. We have quarterly townhalls – CPLogue on Workplace® by Facebook, Power60 interactions over Zoom, HR virtual visits, and others to stay connected.

We have consistently been rated Great Place to Work ® for past three years due to our inclusive, and equitable workplace environment.

Performance Management & Rewards

We have a transparent and quantifiable Performance Assessment and Review System (PARS) which covers all our employees. It helps us evaluate our employees on their previous financial year's performance, at all levels, and functions on a four-point scale i.e., Flier, Runner, Learner, and Walker.

At IIFL Home Finance, we have a well-defined objective Individual Performance Metrics (IPMs) at the beginning of the financial year. It guides the employees on their year's work, in line with the organisational goals. Each department and designation has its own IPMs, tailored to the position and geography being managed. IPMs for business development professionals are geared towards increasing business while departments which are into processing files are focussed on improving business consistency while ensuring file turnaround time. IPMs in support departments are focused on continuous process improvements. Furthermore, at the middle and senior levels, IPMs are defined by quality of business sourced and maintenance of a healthy business mix.

Developing Leaders for Tomorrow

Our focus is to nurture leaders of tomorrow, and we emphasise on attracting, grooming, and retaining the brightest talent. The focus is to create a nurturing and positive working environment, where all employees can develop and excel in the long term.

To concentrate on continuous evaluation of the team's achieved goals, we launched the LEAP Programme for the sales workforce across India. Furthermore, during our annual Rewards and Recognition (R&R) programme, we support and reward our top performers, both individually and as a team.

Evolving Human Capital[9]

We have continually invested in our employees' learning and growth. Our learning app - MoneyVersity - is the Netflix of learning. It provides a variety of business, domain, and wellness-related learning platforms, in simple and bite-sized module giving flexibility to the employees to learn at their convenient time. Our people are provided function-specific trainings through multimedia and Virtual Instructor Led Trainings (VILTs). We conduct Management Development Programme (MDPs) at premier B-schools for the high-fliers, ensuring that their growth in the organisation is well-supported. As a referesher course, all our employees take trainings on modules like anti-money laundering, data security, prevention of sexual harassment, anti-corruption, and others. We also have customised Lunch Bunch sessions, for specialised teams, that concentrate on improving team bonding and cross-functional productivity.

IIFL HOME LOAN CLUB 60

Shri Vyas Ji: In conversation with Retired IAS & Vice Chairman (BSDMA) Bihar State Disaster Management Authority sharing his experience with our team

Mrutyunjay Mohapatra : Power Talk by ex –MD & CEO - Syndicate Bank on how to create sustainable organizations

Club60 Sessions- Glimpse

Snapshot of our learning strategy

MoneyVersity

Learning on-the-go instructor-led trainings

Workplace

Fostering Partner Relationship

Hand-holding sessions for our partner and provide access to MoneyVersity to all

Employee Mentorship Programme

Mentorship programme for our 'Feet on Street' employees are provided on a regular basis

Product & Policy Training

Legal and technical training session on product and policy

Employee Learning Experience

E-quizzes and knowledge nuggets for our employees and launched *Gyaan Guru* for continuous learning

100+	3,200+	2,000+	2,100+	1,300+
Virtual Sessions	Attendees Pan India	Engaged Employees	Active Users	Users Engaged

[9]GRI 404-21 GRI 404-3

As an enabler of developing leaders for tomorrow, all employees receive periodic performance reviews via 'Performance Appraisal & Rewards System (PARS)', as a way of assessing employees' performance and productivity by comparing it with already established standards.

Objective of PARs

- Setting up individual performance measuring parameters (IPMs)
- Scheduled discussions on pre-defined interval to understand the gap between current and desired outcome
- Coaching and counselling efforts to make the employees achieve their respective IPMs
- Review and reward the talent pool
- Identify employee training needs

We follow a bi-annual approach in reviewing the performance of all employees, including the Board of Directors. During the mid-year appraisal, we provide feedback to employees based on their performance and what is expected of them. This is followed by a final appraisal at the yearend wherein employees have to undergo a self-review, which is then validated by the manager.

Commitment to Human Rights[10]

Respecting human rights is at the core of IIFL Group's ideals. At IIFL HFL, we intensely value the principles of human rights and workplace entitlements. To embed a culture of respect and equality across departments and designations, we have initiated training of our employees on human rights.

Fostering a Culture of Inclusivity[11]

Our workforce is diverse in perspectives, experiences, knowledge, cultures, genders, etc. as they bring a wealth of alternative ways to grow, and multiple perspectives on how to tackle challenges. As an equal opportunity employer, we believe that merit is the only condition to work and grow and the Company does not discriminate on the basis of caste, gender, race, religion or any other such classification.

Respect for diversity has a significant impact on employee engagement leading to enhanced organisational performance. As an outcome of our efforts, we observed an industry leading performance in attrition, with rate of 4%.

During the reporting period, out of the total 1,770 permanent employees there was only 9 percent representation by women. We believe in providing equal opportunities to every candidate and we are developing strategies for improving the performance in matters concerning gender diversity throughout the organisation.

[10]GRI 412

[11]GRI 405, GRI 102-8, SASB FN-AC-330

Environmental Responsibility that Leads to Sustainability

We conduct our business in a way that protects and sustains the environment. We are conscious of the strategic and financial risks and opportunities presented by climate change towards our organisation and our community. We are addressing the pertinent issues using a multi-dimensional approach by leveraging our Kutumb platform to support the development of a sustainable and accessible green housing segment. We are also undertaking initiatives to reduce our energy consumption and GHG emissions from our operations.

Kutumb: Promoting Green Affordable Housing

One such initiative is 'Kutumb'- which focuses on promoting sustainable and energy-efficient real estate development via IIFL HFL's developers and project finance business. We have collaborated with leading industry professionals in real estate, green and sustainable infrastructure to encourage sustainable methods of housing development.

WHY

Agenda is to blend benefits of green home within affordable housing segment in India, ultimately strengthening our belief in Honourable Prime Minister's vision and mission of Pradhan Mantri Awas Yojana - Housing for All by 2022. [PMAY - HFA (U)]

WHAT

The trigger comes from the fact that buildings are responsible for huge amounts of carbon emission, excess of waste, water and energy consumption. They are the consumers of non-renewable and natural resources.

HOW

Kutumb is an initiative to build awareness about the need for green affordable housing amongst its stakeholders and provide a common platform to transform this idea into reality.

Cumulative impact of the Kutumb programme

1,600+ Participants

36+ Experts

430+ Developers

Scan the QR codes to view the online version of the following topics

- A Step Towards Sustainable Future – Green Affordable Housing, Policy & Finance
- eKutumb - An initiative towards Green Affordable Housing
- Webisode on Building Sustainable Affordable Homes amid Pandemic

GREEN VALUE PARTNER
CONCEPTION TO CERTIFICATION

Green Value Partner: In-house Technical Expertise

Assurance of green building comes through audit and certification from recognised industry bodies. However, the extensive process of obtaining a Green Building Certification has created an uncertainty among developers, specifically regarding the cost implications of these activities. To strengthen our green building initiatives and assist developers throughout the project lifecycle, we have established an in-house technical team, 'Green Value Partner (GVP)', to provide complete support on green building methodologies to developers.

- Helps developers in getting their projects certified by green building agencies
- Handholds project development from conception to completion
- Helps developers to ensure continuous compliance with green building norms throughout a project's lifecycle
- Promotes a continuous supply of green homes in India

13
Pre-certified green projects

7,918
MWhr/year of energy saved

457,000
Kl/year of water saved

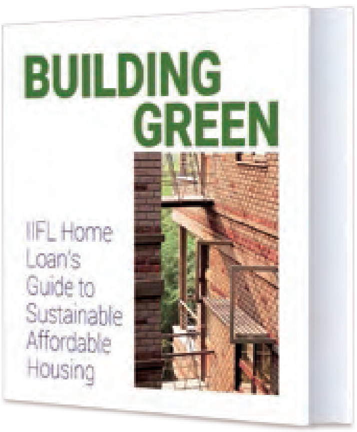
7,284
tCO_2e reduction

GVP Outreach Numbers (as on 31st March, 2021)

Description	Units
Total number of projects	54
Total number of units	11,602
Projects under Management (PUM)	38
Units under Management	30,443
Registered projects	18
Pre-Certified Projects / Certified	13

PURPOSE

PURPOSE is a strategic initiative of IIFL HFL to contribute and develop an eco-system for green affordable housing. It intends to provide a platform for green affordable housing by leveraging research, policy, and technology for sustainable eco-system. Its objective is to bring experts from varied domains of industry and creating an advisory council to influence policies at all levels of implementation relating to green affordable housing. The launch of our green handbook titled ‘Building Green’ in March 2021 is an initiative under PURPOSE.



IIFL Home Loan's Guide to Sustainable Affordable Housing

India is at the advent of intense construction activity to facilitate economic growth and address rising urbanisation. We realise that we are also the enablers for the development in the housing sector and with the right measures, can have a substantial positive impact on its outlook. In support, one of the initiatives IIFL HFL undertook last year extended our duty to disseminating knowledge that advocates responsible and sustainable build out in the coming years. A product of collaborative effort, we released ‘Building Green, IIFL Home Loan’s Guide to Sustainable Affordable Housing’, a handbook useful for developers, architects, construction engineers and homeowners.

The handbook leverages on green rating guidance from Green Rating for Integrated Habitat Assessment (GRIHA), Indian Green Building Council (IGBC) Homes and Excellence in Design for Greater Efficiency (EDGE).

The handbook provides guidance on design and construction to enable projects to obtain a good rating and be environmentally friendly.

Building Plans and Orientation for Thermal Comfort

- Optimising soft ground and hard paved surfaces, minimising UHI
- Efficient use of plot area for environmental benefit
- The economic and environmental implications of building tall

Building Envelope

- Minimising envelope heat Gains by optimising the perimeter wall-to-floor area ratio
- Shading device (windows/ balconies)

Water Efficiency

- Water resource planning
- Strategy for storage tank sizing
- Raw water treatment systems
- Water distribution management
- Water use optimisation
- Planning and design of waste water treatment system
- Typical water balance chart

Waste Management and Disposal

- Waste management during construction
- Reusability/recyclable materials
- Segregation of waste and on-site consumption of recycled organic waste

Environmental Impact

Energy and emissions[12]

A large portion of our environmental footprint is generated through our energy usage, which is the electricity that we purchase from the grid for our corporate headquarters, regional offices and branches. Additionally, we also use diesel generators for emergency power requirements.

We have identified energy and emission from our operations as major contributors to our environmental footprint. Our direct and indirect energy consumption consists primarily of diesel and purchased electricity respectively.

The reporting period saw a reduced usage of our premises attributing to various phases of nationwide lockdown due to the ongoing pandemic, which would present a skewed picture of our impact on the environment. As an outcome, we are focusing on the energy and emissions from the electricity purchased from grid for our Gurugram office only.

Energy Consumption at IIFL HFL*

Parameter	Unit	FY21
Indirect energy consumption (electricity)	GJ	2,555

* Energy consumption is for Gurugram office only

Emissions at IIFL HFL*

Parameter	Unit	FY21
Scope 2	tCO_2e	581.97

* Emissions are for Gurugram office only

Water Consumption[13]

Water scarcity is an alarming issue throughout the country, and is primarily driven by climate change, and wastage in critical sectors. We have identified water consumption as a major contributor to our overall environmental footprint and are working towards judicious use of water. We are also undertaking an assessment of our offices to identify the water stress and developing strategies that could be used to reduce the water footprint of IIFL HFL.

In the reporting period, as the offices were closed for public dealings, the water consumption shows a biased picture of our footprint. To ensure consistency and transparency in disclosures, we have reported the water consumption of our Gurugram office only.

Our water demand is met primarily using water supply from the municipality and water tanks. Our branches within the shopping centres and shared office spaces get drinking water supply from approved vendors that supply water bottles for consumption. Additionally, at such locations water is supplied as a utility, which is primarily used for sanitation.

Water Consumption at IIFL HFL*

Parameter	Unit	FY21
Water tankers	Kl	2,760
Municipality	Kl	51,000
Total water withdrawal	Kl	53,760

* Water withdrawal is for Gurugram office only

Paperless

We identified paper consumption as a major contributor towards our environmental footprint. Thereafter, we leveraged our digital platforms to digitalise and automate our processes that required a large amount of paper trail. In an attempt towards reducing paper trail and lead time in loan dispersal, we have launched a programme to reduce paper use during the loan application and disbursal process. Under the programme, a loan can be applied for using online platform with no need to submit the documents physically. The CIBIL and credit checks and verification are done at the back end and within an hour the applicants get the soft sanction letter.

The entire loan application process and approval process take 25 minutes with loan disbursal in 1 day and it reduces the physical paper trail with applicants uploading digital documents. With decrease in physical contact, the product has witnessed significant growth. This online platform has enabled us to reduce the paper consumption by 3.90 tons in the reporting year (0.78 million sheets of paper).

[12] *GRI 302-1, GRI 305-2*

[13] *GRI 303*

Social Contribution[14]

As a responsible organisation, we consider driving positive change in the communities as our prime duty. Our Corporate Social Responsibility (CSR) policy acts as a driver of social initiatives throughout the organisation. The CSR projects are steered by the shared values of IIFL group of companies. By applying these values to the CSR projects, IIFL Home Finance Limited undertakes initiatives that create sustainable growth and empowers underprivileged sections of society.

In our CSR journey towards achieving positive social impact, we endeavour to deploy CSR Programmes and drive international development goals like Sustainable Development Goals (SDGs), in line with Schedule VII of The Companies Act, 2013.

Focus areas prioritised by IIFL Home Finance Ltd. in its CSR strategy

Focus Area	Description	Linkage to SDG
Education	Educational programmes are engineered to bring holistic development in students at primary and secondary school level. The projects include promoting education, setting up and upgrading educational facilities and supporting institutes of higher education, especially for women.	4 QUALITY EDUCATION; 5 GENDER EQUALITY; 10 REDUCED INEQUALITIES
Financial literacy	We believe individuals with basic financial knowledge can make informed financial decisions and therefore, maintain better financial health. Our projects, endeavour to provide information of financial products, especially of rewards and risks, to better equip the financially excluded to make informed choices with respect to money.	4 QUALITY EDUCATION; 10 REDUCED INEQUALITIES; 17 PARTNERSHIPS FOR THE GOALS
Support to Educational Research Programmes	We aim to support educational research programmes across disciplines and support the research pursuits of research institutions.	17 PARTNERSHIPS FOR THE GOALS
Fight against outbreak of COVID-19 pandemic	We have in place various initiatives to engage our employees and communities. This focus area lists initiatives taken for fighting against COVID-19.	3 GOOD HEALTH AND WELL-BEING
Crèche-cum-Learning Facility for children of labourers at construction site	We understand the importance of providing education to underprivileged children with a special focus on the girl child such that it is convenient for workers at construction sites and their children. This focus area highlights eradication of illiteracy.	4 QUALITY EDUCATION; 10 REDUCED INEQUALITIES
Sustainable Livelihood	We recognise that it is imperative to mainstream the disengaged to participate in the labour force of the country and adapt to a sustainable livelihood to contribute positively to the nation building process. The focus areas under livelihoods encompass two broad verticals of entrepreneurship and employment.	1 NO POVERTY; 4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH

[14]*GRI 413-1*

Promoting Education of the Underprivileged

We understand the importance of education and the impact it can make to one's quality of life. We facilitate education of children and adults, especially from underprivileged sections of the society, so that they can write their own future. Some of the initiatives taken in reporting period include:

Sakhiyon ki Baadi

Sakhiyon ki Baadi is the flagship initiative of IIFL Foundation that aims at eradication of illiteracy. The initiative focuses on providing quality education to thousands of underprivileged children, with focus on girl child. Under the initiative, we have enabled educational development by setting up schools in many districts of South Rajasthan, including tribal districts of Rajsamand and Udaipur.

In the reporting period, the initiative regained its operation post June 2020. The team members followed safety guidelines issued by the Government and continued their engagement with the communities. The Daksha (learning facilitator) played a pivotal role in keeping the children from hamlets, informed and safe during the lockdown.

Impact of Sakhiyon ki Baadi

990	11	29,444
Centres	Districts	Girls

Chauras: Learning facility for children of labourers at construction site

Chauras is a learning centre-cum-crèche for children of migrant workers at the construction site. The centre operates from 9am to 5:30pm, through the week, providing education, healthy meals and overall a place of safety for the children in the age of 3 months to 15 years.

During the reporting period, the centre operated in a limited capacity due to social distancing and maximum capacity guidelines. Post lockdown, Chauras regained its operation observing the safety guidelines issued by the Health Ministry of India to prevent spread of COVID-19. We are also engaging with our partners to provide health check-ups and vaccinations at periodic intervals.

Seva Kutir

The project focuses on elevating the education levels of children from the Scheduled Caste and Scheduled Tribe. During the reporting period, due to the lockdown, Government schools have not been functional. So, in these rural pockets of Madhya Pradesh, these community learning centres proved to be the only space that sustained teaching and learning. Along with the educational activity, children engage in physical sessions and outdoor sports.

Support to Educational Research Programmes

We have extended financial support to the esteemed

Ashoka University towards its research and fellowship programmes.

Fight against Outbreak of COVID-19

We recognize the importance of staying connected with our employees, customers, and our communities during the pandemic. We supported 1,000+ construction site workers through a relief programme. The objective was to provide essential (dry ration) and personal care (masks, sanitiser and soaps) kits to the workers and their families and educate them about the preventive measures to be adopted. Through our #JanAndolan and #AppropriateBehaviour campaigns, we engaged with our stakeholders through email and social media platforms to highlight the importance of adopting COVID-19 appropriate behaviour such as wearing masks, following social distancing, and maintaining hand hygiene.

Financial Literacy

In our endeavour to provide financial literacy, specially to the underprivileged, we planned and conducted sessions on financial literacy, for women team members, associated with the Sakhiyon ki Baadi initiative. The sessions leveraged technology and 10 sessions were conducted on an online platform. The sessions had more than 200 participants. The topics included savings management, safe practices for digital transactions, understanding banking services, Government schemes for savings, and understanding financial products (mutual funds, insurance, stocks market).

Social Impact of Financial Services

The sustainability of our business is influenced by the health and resilience of our communities. As a responsible corporate, we promote women empowerment through our efforts to facilitate Credit Linked Subsidy Scheme benefits under the PMAY (U).

We have also initiated several activities for community welfare such as focused programmes for enhancing girl child education, financial literacy among construction workers and their families and tribal development through the CSR arm of the IIFL Group.

Fostering Financial Inclusion[15]

The Government's PMAY scheme presents an opportunity for home finance players in the country. We have aligned our product offerings with the 'Housing for All' mission. Our customised and suitable loans such as Low Ticket Size Home Loans and Secured Business Loans are made available and accessible at affordable interest rates to first-time homebuyers to realise their dream of owning a home.

Low-Ticket Size Home Loans

Home Loans cater to first-time home buyers with informal income documentation by providing loans at affordable interest rates. It also presents an attractive proposition in the form of Credit Linked Subsidy Scheme (CLSS) benefits. The CLSS under PMAY (U) requires the home

to be compulsorily owned or co-owned by a woman member of the family. This further aligns with our vision of women empowerment through CLSS and facilitate our customers with subsidy benefits and inspire women to build better lives for themselves and their families.

Secured Business Loans

These loans are exclusively designed for SMEs and small business owners to safeguard them against unorganised lending at exorbitant interest rates. Secured Business loan provides small-ticket loan for lower income segments such as small traders and garment shops owners, among others against property. The loans fulfil the credit needs of small traders and help drive financial inclusion across the country. During the reporting period, we disbursed ₹ 10.45 billion as Secured Business Loans to more than 3,600 customers.

Embracing Sustainability

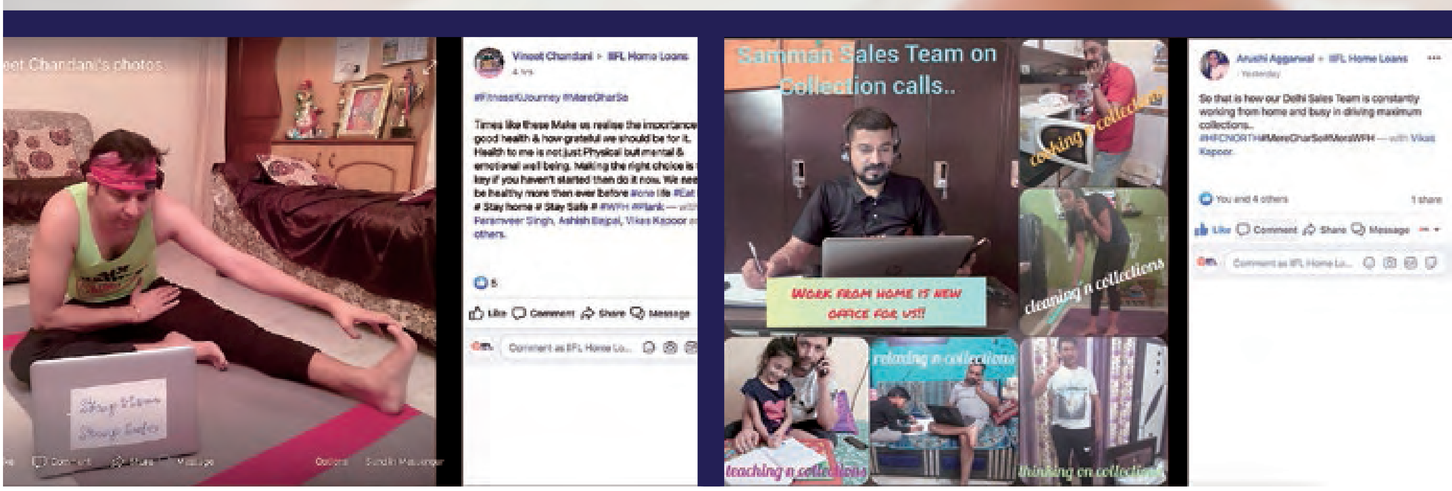
Fairness, Integrity, and Transparency along with sustainability are in-built in IIFL HFL's purpose of becoming the most respected company in the home finance industry. During the pandemic, we have observed a large-scale push towards digitalisation of both consumption and work. For IIFL HFL, we envision opportunities in certain sectors, including green affordable housing, and digitalisation of financial services. As an outcome, we are emphasising on training and 'reskilling' our workforce to fill future skills gaps. We are following a multiphase approach for integrating principles of sustainability and sustainable development within our operational boundary.

As we launch our sustainability journey, we are making every effort to move towards a net zero economy. Over the coming years, we will focus on:

- Establishing a robust governance structure for implementing ESG initiatives
- Establishing SOPs for sourcing ESG performance data from all operational branches
- Undertaking initiatives to enhance diversity and inclusion within the organisation
- Developing a sustainability roadmap with clearly defined ESG targets
- Contribute to affordable housing industry by leveraging *Kutumb* as a market-making initiative

[15]*SASB FN-CB-240*

Increasing Awareness Through our Digital Campaigns

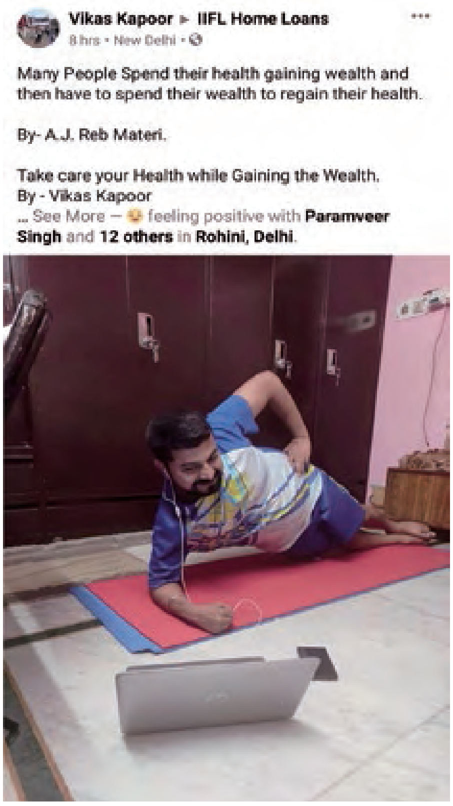


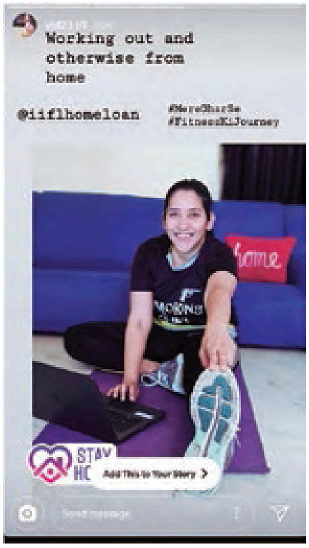
Digital Campaigns

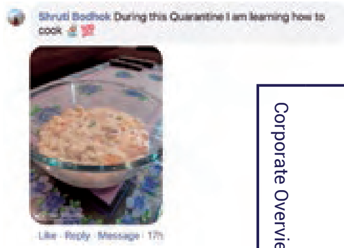
#MereGharSe

During work from home, we ran a campaign to encourage people to live sustainably and to create sustainable communities. The theme also envelopes 'Complete Profitability' the DNA of IIFL Home Loans under People (Employees), Society, Environment & Organisation.

The campaign ran under tag lines of "Saral Jeevan" and "Swasthya". The focus of the campaign was to engage with our employees and community over social media platforms to build capacity on the precautions to be taken for staying safe and healthy, while encouraging a sustainable lifestyle. We engaged with more than 4 million people across social media platforms.

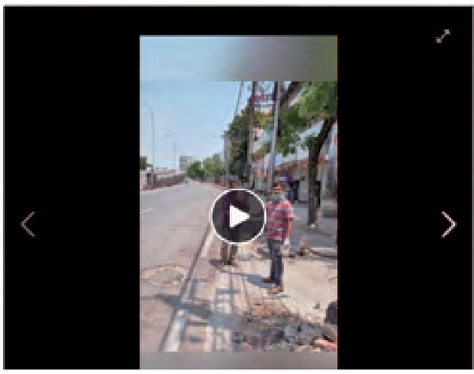






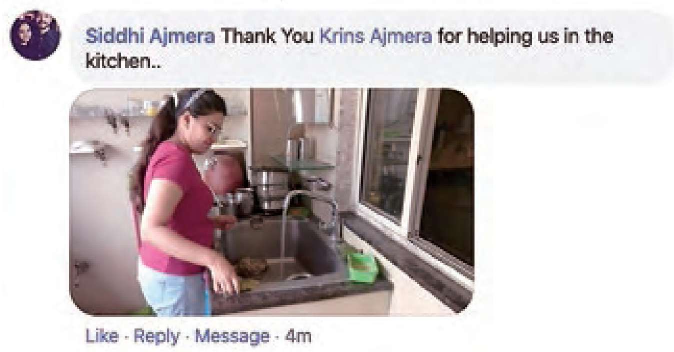
Saral Jeevan

Sharing and inculcating sustainable habits that reduce resource consumption at home, while promoting a simpler lifestyle



Swasthya

Healthy and sustainable lifestyle through promotion of indoor exercises



#AvoidFinancialCovid #KareKhudSePyaar

We also undertook online campaigns like #AvoidFinancialCovid and #KareKhudSePyaar amid the pandemic. These campaigns were designed keeping customer-centricity and safety in mind. It aimed at creating awareness about the pros and cons of loan moratorium amongst our customers. The basic idea behind these online campaigns was to simply educate our customers to help them make an informed decision, without forcing our opinions or influencing their views.

Awards & Recognitions

1

Recognised for the 'Most Innovative use of Social & Digital Media' at the 6th StratComm Asia Summit & Awards 2020 for our #MereGharSe campaign

2

Awarded the 'Best CSR initiative by a brand' for our 'KUTUMB' initiative at the Economic times & Global Marketing Excellence Awards 2020

3

Recognised as the 'Housing Finance Firm of the Year' by the Global Real Estate Congress in February 2021

1

2

3

4

Abhishikta Munjal, Chief Risk Officer, IIFL Home Finance recognised as the 'Business Women of the Year' at the Business Leader of the Year Awards 2021

5

Awarded the 'Best BFSI Brands of 2021' at the Economic Times Best BFSI Brands 2021

6

Recognised as the 'Green Brand of the Year' at the IAA Olive Crown Awards 2021 for our 'eKUTUMB' Initiative

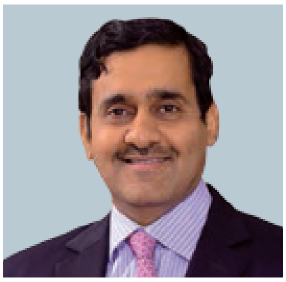
4

5

Board of Directors

Mr. S. Sridhar *(Chairman and Independent Director)*

- An eminent personality in the banking and finance industry
- Has held several senior positions in retail, corporate and export/import banking in his career of over 45 years culminating as the Chairman of NHB and Central Bank of India
- Was responsible for a number of new initiatives such as the NHB Residex, Rural Housing Fund and Reverse Mortgage for senior citizens during his stint as the Chairman and Managing Director of the NHB
- Was associated with Export Import Bank of India as Executive Director prior to NHB
- Was associated with the State Bank of India in the early part of his career



Mr. Nirmal Jain *(Non-Executive Director)*

- One of the original Directors of the Company
- Holds a Bachelor's Degree in Commerce from University of Mumbai
- A Fellow Member of the Institute of Chartered Accountants of India (held the 2nd rank) and also a Cost Accountant
- Holds a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad
- Started his career in 1989 with Hindustan Lever Limited, the Indian arm of Unilever, where he handled a variety of responsibilities, including export and trading in agro-commodities
- Founded India Infoline Limited (earlier known as Probity Research and Services Private Limited) in 1995
- Currently the Chairman of IIFL Finance Limited

Mr. R. Venkataraman *(Non-Executive Director)*

- Co-Promoter and Managing Director of IIFL Finance Limited
- Holds a B.Tech degree from the Indian Institute of Technology, Kharagpur, and MBA from the Indian Institute of Management, Bangalore
- Joined the IIFL Group in July 1999 and has been on the Board of Directors of the Company since its inception
- Been instrumental in establishing various line of businesses over the past 19 years
- Previously held senior managerial positions at ICICI Limited, including ICICI Securities, its investment banking joint venture with JP Morgan, and Barclays BZW
- Worked as Assistant Vice President with GE Capital Services India in its private equity division
- Has a varied experience of more than 26 years in the financial services sector

Mr. Kranti Sinha *(Independent Director)*

- Renowned name in insurance and housing finance industry
- Served as the Director and Chief Executive of LIC Housing Finance Limited and concurrently as the Managing Director of LICHFL Care Homes Limited
- Was the Deputy President of the Governing Council of Insurance Institute of India
- Was a Member of the Governing Council of National Insurance Academy

Mr. Monu Ratra *(Executive Director and Chief Executive Officer)*

- Graduate of Architecture and an MBA with over 22 years of work experience in the financial services industry
- Been instrumental in the growth of IIFL Home Finance Limited's loan book substantially during the past three years
- Under his leadership, IIFL Home Finance Limited aspired to become key player in affordable housing segment and to serve the need of housing finance, especially, of those who are underserved or untouched
- Was associated with Indiabulls Housing Finance Limited as National Business Manager, prior to joining IIFL Group. He was responsible for setting up and building the retail home loan business along with home equity business for Indiabulls
- Has also served HDFC Ltd. and ICICI Bank

Ms. Suvalaxmi Chakraborty *(Independent Director)*

- A B.Com (Hons.) and a Chartered Accountant
- Serves as an Advisor at Transwarranty Finance Ltd and Positron Consulting Services, with advisory assignments spanning debt syndication, mergers & acquisitions and capital raising for mid-market corporates, among others
- Is also the Advisor for Fullerton India Credit Company Limited
- Has been an Independent Director of Fortis Healthcare Limited since April 27, 2018. Prior to this, served as the Chief Executive Officer of India Operations at SBM Holdings Ltd. (previously known as State Bank of Mauritius Limited) from 2010-2013
- Launched and ran the commercial banking business of Barclays Bank in India from 2007-2010
- Has held several positions at ICICI Ltd and ICICI Bank between 1989-2006
- Has 29 years of experience in banking and financial sector with exposure in diverse set of businesses
- Has featured in the Fortune India List of 50 most powerful women in business

Mr. Arun Kumar Purwar *(Independent Director)*

- Chairman of Eroute Technologies Private Limited, a Fintech company
- Independent Director in Companies across diverse sectors like power, telecom, steel, engineering consultancy, pharma and financial services
- Acts as an Advisor to Mizuho Securities, Japan
- Was Chairman of the State Bank of India (SBI) from 2002-2006 and Chairman of the Indian Bank Association during 2005-2006
- Has previously held positions such as Managing Director of State Bank of Patiala and has been associated in the setting up of SBI Life
- Was associated with a leading industry house, post his retirement from SBI, in setting up the first healthcare focused private equity fund, and a non-banking finance company focused on funding real estate projects as well as educational institutions

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting fifteenth Annual Report of your Company with the Audited Financial Statements for the financial year ended March 31, 2021.

1) FINANCIAL PERFORMANCE

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
Gross Total Income	20,677.50	18,030.21
Less: Expenditure	15,577.66	14,725.81
Profit before exceptional items and tax	5,099.84	3,304.40
Exceptional item	-	15.04
Profit after exceptional items before tax	5,099.84	3,289.36
Less: Taxation	1,088.89	840.14
Net Profit after Tax	4,010.95	2,449.22

2) REVIEW OF BUSINESS

During the year under review, your Company's total income amounted to ₹ 20,677.50 million. Profit before tax and exceptional items stood at ₹ 5,099.84 million. Profit after tax stood at ₹ 4,010.95 million. During the year ended March 31, 2021, Asset Under Management (AUM) of the Company has grown by 12% y-o-y to ₹ 206,936.87 million. At the segment level, there is 21% and 18% growth in loan book in the home loan and LAP segments respectively. The total loan book has grown by 16% y-o-y to ₹ 148,549.53 million as on March 31, 2021.

3) RESOURCE MOBILISATION

Non Convertible Debentures (NCDs)

During the year under review, the Company issued Secured Redeemable Non Convertible Debentures aggregating to an amount of ₹ 4,620 and did not issue Unsecured Redeemable Non Convertible Subordinated Debentures. Further, the Company redeemed /Bought Back Non Convertible Debentures of amounting to ₹ 7,137.50 , issued on private placement basis.

The Company has been regular in making payments of principal and interest on NCDs. The Company has complied with the provisions of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement (NHB) Directions, 2014. During the year under review, the Non-Convertible Debentures were paid / redeemed by the Company on or before their respective due dates. As on March 31, 2021, outstanding secured non-convertible debentures stands at ₹ 21,027.50 million and outstanding unsecured non-convertible debentures amount to ₹ 4,366.73 million. During the year under review, there was no Non Convertible Debentures which have not been claimed by the investor or not paid by the Company after the date on which non convertible debentures became due for redemption.

Term Loans and other Borrowings

During the year under review, the Company availed ₹ 12,020 million of refinance facility from NHB under various refinance schemes of NHB. Further, the Company raised funds by way of borrowing from term loans, issuance of Commercial paper and other sources. As on March 31, 2021, total outstanding borrowings stands at ₹ 124,649.41 million.

Assignment of Loans

During the year under review, the Company has securitised /assigned the receivables of housing loan portfolio aggregating to ₹ 14,929.25 million and non-housing loan portfolio aggregating to ₹ 1,612 million. The Company was appointed as servicer by the Assignee/Trustee to collect and receive payment of the receivables from the securitised/Assigned Assets.

4) DIVIDEND

During the year under review, your Directors has recommended interim dividend of ₹ 25 per share to shareholders. Total outgo towards payment of Dividend is ₹ 524.20 million. Your Directors recommend that the said interim dividend be considered as final.

5) TRANSFER TO RESERVES

Pursuant to section 29C of the National Housing Bank Act, 1987 the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. During the year under review, the Company transferred ₹ 805.00 million (20% of Net Profit for the year) to Special Reserve. As on March 31,

DIRECTORS' REPORT (Contd.)

2021, the said Reserves stood at ₹ 2,873.70 million. The balance in General Reserves stood at ₹ 1,438.60 million.

6) SHARE CAPITAL OF THE COMPANY

Authorised Share Capital

As on March 31, 2021, Authorised Share Capital of the Company was ₹ 1,720,000,000 (Rupees one hundred and seventy two Crore only) divided into 1,52,000,000 (Fifteen Crore and twenty Lakh) Equity Shares of ₹ 10 (Rupees ten only) each and 20,000,000 (Two Crore) Preference Shares of ₹ 10 (Rupees ten only) each.

Paid-up Share Capital

During the year under review, the Company has not issued Equity Shares as it considers capital base of the Company is adequate to meet statutory and business requirements of the Company. As on March 31, 2021, paid up share capital of the Company stands at ₹ 209.68 million.

7) PUBLIC DEPOSITS

Your Company is registered with National Housing Bank as a non-deposit taking housing finance Company. During the year under review, your Company has not accepted/ renewed any public deposit. The provisions of Section 73 of the Companies Act 2013, read with applicable rules thereto and disclosure requirement under the para 44 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 are not applicable to the Company.

8) INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal controls with reference to financial statements and operations and the same are operating effectively. The Internal Auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Further, Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively as at March 31, 2021.

9) VIGIL MECHANISM

In Compliance with the provisions of Section 177(9) of the Companies Act, 2013, read with the rules made there under, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy also provides for adequate safeguard against victimisation of Whistle Blower who avails of such mechanism and also provides for the access to the Chairman of the Audit Committee. None of the Whistle Blowers have been denied access to the Audit Committee. Whistle Blower Policy is uploaded on website of the Company at https://www.iifl.com/sites/default/files/vigilance_policy_0.pdf.

10) CREDIT RATINGS

During the year under review, the Company's long term debt was rated BWR AA+ (Negative) by Brickworks Ratings, CRISIL AA (Stable) by CRISIL Limited, [ICRA] AA (Negative) by ICRA Limited and CARE AA (Negative) by CARE Ratings Limited.

11) SAMASTA MICRO FINANCE LIMITED IS ASSOCIATE COMPANY

Due to identified synergies and to increase our penetration in semi urban and rural areas in more strategic manner, the Company acquired 6,60,61,285 of equity share in Samasta Micro Finance Limited (25% paid up share capital from IIFL Finance Limited). Therefore, Samasta Micro Finance Limited became an Associate Company of the Company. The details of the investment made by the Company during the financial year under review are provided in the Notes to Accounts attached to the financial statement of the Company for the year ended March 31, 2021.

12) IMPACT OF COVID -19 PANDEMIC

The detailed disclosure on the material impact of Covid–19 pandemic on the Company is forming part of the Financial Statements of the Company.

13) RISK MANAGEMENT

Risk management is integral to the Company's strategy. The comprehensive understanding of risk management throughout the various levels of an organisation aids in driving key decisions related to risk-return balance, capital allocation and product pricing.

The Company has a well defined Risk Management Strategy and a Framework which is designed to identify, measure, monitor and mitigate various risks. 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 Board approved Risk Management Policy has been put in place to establish appropriate systems or procedures to mitigate all material risks faced by the Company.

DIRECTORS' REPORT (Contd.)

The Company is exposed to different types of risks emanating from both internal and external sources. 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 Company's growth and performance.

Risk Management team, identifies, analyzes and takes measures to mitigate risks faced by the Company. The team is guided by the Company's Risk Management Committee and the Senior Management to develop and implement Risk Assurance practices on a pan-organisational basis. The risk management framework institutionalised in the Company is supported by a "Three Lines of Defense" approach. Business functions act as the first line of defense, control functions like Risk Management and Compliance act as second line of defense and the Internal Audit acts as the third line.

14) ANNUAL EVALUATION OF THE BOARD

Pursuant to the provisions of the Companies Act, 2013, The Board in coordination with and the recommendation of the Nomination and Remuneration Committee (NRC), carried out an annual performance evaluation of its own performance, the Directors individually including Independent Directors based out of the criteria and framework adopted by the Board. The Board considered and discussed the inputs received from the Directors.

NRC also carried out the evaluation of performance of the Chairman, every Director, Committees, Key Managerial Personnel (KMPs) and Senior Management. The NRC placed on record that the overall performance of individual Directors, Board, Committees, Chairman, KMPs and Senior Management Personnel was quite satisfactory.

Further, the Independent Directors at their meeting held on March 22, 2021 reviewed the following:

- performance of Non-Independent Directors and the Board as a whole;
- performance of the Chairperson of the Company;
- Assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board, which is necessary for the Board to effectively and reasonably perform their duties;

The Independent Directors expressed their satisfaction with overall functioning and implementations of their suggestions.

The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, the cohesiveness that exists amongst the Board Members, the two-way candid communication between the Board and the Management and the openness of the Management in sharing strategic information to enable Board Members to discharge their responsibilities.

15) DIRECTORS AND KEY MANAGERIAL PERSONNEL

Independent Directors

During the year under review, none of the Independent Directors has resigned or appointed.

Non-Executive Directors

During the year under review, Mr. Sumit Bali, who was appointed as Director w.e.f August 01, 2018, resigned with effect from June 23, 2020. The Board placed on records its sincere appreciation for the valuable services rendered by Mr. Sumit Bali during his tenure as Director of the Company.

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. R Venkataraman, Non-Executive Director is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment. The Board recommends the same for shareholders' approval.

Key Managerial Personnel

During the year under review, the Board at its meeting held on January 23, 2021 re-appointed Mr. Monu Ratra as Executive Director & CEO for a period of 5 years, subject to approval of shareholders. Shareholders at their 23rd extraordinary general meeting (EGM) held on January 28, 2021 reappointed Mr. Monu Ratra as an Executive Director & CEO with effect from January 28, 2021.

Mr. Monu Ratra, Executive Director & CEO, Mr. Ajay Jaiswal, Company Secretary and Mr. Amit Gupta, Chief Financial Officer are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and Rules made thereunder.

16) STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS

In terms of provisions of sub-section (7) of Section 149 of the Companies Act, 2013, the Company has received declarations by Independent Directors stating and confirming that they are not disqualified to act as Independent Directors on the Board of the Company and further the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Director.

DIRECTORS' REPORT (Contd.)

17) AUDITORS

M/s MP Chitale & Co., Chartered Accountants (ICAI FRN: 101851W), Mumbai were appointed as the Statutory Auditor of the Company at the fourteenth Annual General Meeting held on June 11, 2020, to hold office from the conclusion of the said Meeting till the conclusion of the Nineteenth Annual General Meeting to be held in financial year 2025 at such remuneration plus out of pocket expenses and applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the Auditors. the M/s MP Chitale & Co., Chartered Accountants (ICAI FRN: 101851W) was also appointed as Auditors of the Company to fill the casual vacancy caused by resignation of erstwhile Auditor M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W- 100018) w.e.f. June 7, 2020 to hold office till fourteenth Annual General Meeting held on June 11, 2020. The Board placed on records its sincere appreciation for valuable services rendered by M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W- 100018) as their stint as Statutory Auditors of the Company.

The Audit FY 2020-21 was conducted by M/s MP Chitale & Co. and there are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditor in their Audit Report. The Notes to the financial statements referred in the Auditors Report are self-explanatory and therefore do not call for any comments under Section 134 of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in the Annual Report.

18) REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

19) REGULATORY GUIDELINES

The Company has duly complied with the Housing Finance Companies (NHB) Directions, 2010 issued by National Housing Bank regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, Capital Adequacy, concentration norms and ALM requirements etc. as in force from time to time.

Your Company has been maintaining capital adequacy as prescribed by the NHB. The Capital adequacy was 22.98% (IND-AS) (as against 15% prescribed by the NHB) as on March 31, 2021.

20) REMUNERATION POLICY

The Board of Directors of the Company approved the Nomination and Remuneration Policy on recommendation of the Nomination and Remuneration Committee. Objective of the Policy is to have adequate composition of the Board comprising of Executive, Non-Executive and Independent Directors and appointment and removal of Directors, Key Managerial Personnel (KMPs). The Policy also provides for remuneration to Directors, KMPs and senior management, involves balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal. The Remuneration Policy is place at website of the Company at https://www.iifl.com/sites/default/files/Remuneration_Policy_0.pdf

21) EXTRACT OF ANNUAL RETURN

In accordance with section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format (MGT 9) is appended as Annexure I to the Board's Report.

22) CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility ("CSR") Committee of the Board has formulated and recommended to the Board a CSR Policy indicating the CSR activities which can be undertaken by the Company. The Board approved the CSR Policy which is available on the website of the Company at https://www.iifl.com/sites/default/files/csr-policy.pdf.

The CSR projects of the Company are steered by the same values that guide the business of IIFL Group Companies. It can be summarised in one acronym-–GIFTS, which stands for Growth, Integrity, Fairness, Transparency and Service Orientation.

The most of the activities are undertaken through India Infoline Foundation (generally referred to as "IIFL Foundation"), a CSR arm of the IIFL Group. During the year under review, your Company deployed 2% of its average net profits (computed as per the relevant provisions of the Companies Act, 2013) of the preceding years on CSR projects, fully utilising the required amount and the details of those are provided in the Annual Report on CSR which is enclosed at Annexure II.

23) MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

24) SIGNIFICANT AND MATERIAL ORDERS

During the year, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

During the period under review, Department of Supervision, National Housing Bank (NHB) has levied a penalty of ₹ 1,855,000/- plus GST, for non compliance of a provision of the Housing Finance Companies (NHB) Directions, 2010 read with the Policy Circular No. 55 pertaining to financial year ended March 31, 2019. The Company had paid the penalty under protest. The Company maintains that this is not significant or material in natures.

25) PARTICULARS OF EMPLOYEE

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in "Annexure III".

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the Rules 5(2) and 5(3) of the aforesaid Rules, forms part of this report. However, in terms of first proviso to section 136(1) of the Act, the Annual Report and Accounts are being sent to the members and other entitled thereto, excluding the aforesaid information. The said information is available for inspection by the members at the Registered Office of the Company during the business hours on working days upto the date of Annual General Meeting of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

26) SECRETARIAL AUDIT

For the year under review, the Secretarial Audit was conducted by M/s RMG & Associates, Practicing Company Secretaries, in accordance with the provisions of section 204 of the Companies Act, 2013. The Secretarial Audit Report is attached as "Annexure IV" and forms part of this Report of Directors. There is no qualification or observation or adverse remark made by the Secretarial Auditors in their Report.

27) SECRETARIAL STANDARDS

The Board confirms that the Company complied with all applicable mandatory Secretarial Standards for the financial year 2020-21.

28) NAME & CONTACT DETAILS OF DEBENTURE TRUSTEES

a. Vistra ITCL (India) Limited
(Formerly known as IL&FS Trust Company Limited)
IL&FS Financial Centre,
Plot C-22, G Block, Bandra- Kurla Complex,
Bandra (East), Mumbai-400 051
Tel: +91 22 2659 3535
Fax: + 91 22 2653 3297
E-mail: mumbai@vistra.com

b. Milestone Trusteeship Services Private Limited
602, Hallmark Business Plaza
Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital
Bandra (E), Mumbai-400 051.
Telephone: +91 22 6288 6119/6120
Fax: +91 22 6716 7077
E-mail: vaishali@milestonetrustee.in

c. Catalyst trusteeship limited
(Erstwhile GDA Trusteeship Limited)
Office No. 83 - 87, 8th Floor, B' Wing, Mittal Tower, Nariman Point, Mumbai – 400021
Tel: +91 22 4922 0555
Email: shreya.singhal@ctltrustee.com

29) DIRECTORS' RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended as on March 31, 2021 and states that:

a. in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;

c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the Directors had prepared the Annual Accounts on a going concern basis;

DIRECTORS' REPORT (Contd.)

e. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30) AUDITORS REPORT

Audit Report as issued by M/s MP Chitale & Co., Chartered Accountants, Statutory Auditors of the Company forming part of financial statements of the Company does not contain any qualifications or observations or remarks made by the Statutory Auditors in their Report.

31) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

As the Company is a housing finance Company, the disclosures regarding particulars of the loans made, guarantee given and security provided is exempted under the provisions of Section 186(11) of the Companies Act, 2013. As such the particulars of loans and guarantees have not been provided in this report.

As regards investments made by the Company, the details of the same are provided under Note No. 8 forming part of the Audited Financial Statements for the year ended March 31, 2021.

32) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the financial year were in ordinary course of the business of the Company and were on Arm's Length basis. No contracts/ arrangements have been entered into by the Company with its Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company. Since all related parties transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. The transactions with related parties are disclosed in the Notes to Accounts in the standalone financial statements of the Company for the year ended March 31, 2021.

33) ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of energy

The Company is engaged in providing home loans and other financial services and as such, its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company such as:

- Installation of capacitors to save power;
- Energy efficiency policies are under development for to ensure best practices within the office premises.
- Installation of occupancy sensors to shut off lights when not in use;
- Installation of Light Emitting Diode (LED) lights across offices;
- Installation of fresh air systems to ensure the well-being of occupants;
- Automatic power shutdown of idle monitors;
- Education and awareness programs for employees;
- Creating environmental awareness by way of distributing the information in electronic form.
- The organisation is in process of installing solar panels to generate electricity within the building premises.
- Energy audit procedures have started

The Management frequently puts circulars on corporate intranet, IWIN for the employees educating them on ways and means to conserve the electricity and other natural resources and ensures strict compliance of the same.

Technology

The Company remains committed to investing in technology to provide it a competitive edge and business scalability. Digitisation and analytics through all business processes has been the focus enabling agility, flexibility and relevance. The major highlights of the current year are as follows:

- All Home loans are being on-boarded through Jhatpat application for an efficient sourcing and on-boarding process.
- Company has integrated with Leegality and digitised all document signing through E-Sign via Aadhaar, making the process environment friendly and quick.
- Company has also automated the customer service processes for majority of the customer queries.
- Company has shifted from physical cheque collection for initial money deposit to online payments only. This has removed the Cheque collection and clearance time and provides real time credit as well as reconciliation of the initial

DIRECTORS' REPORT (Contd.)

money deposit.

- Company has partnered up with Perfios for real time validation and analysis of banking statements.
- Company has introduced auto disbursal for top up loans for well performing customers, selected through analysis, reducing opex and turnaround time.
- For collections Company has partnered up with BBPS Setu and SBI Power Jyoti for increasing the number of collection payment options and collection center points exponentially.

As the Company continues to expand its geographic reach and enhance the scale of operations, it intends to further develop and integrate technology to support growth and improve service quality.

Foreign Exchange earnings & Outgo

During the year under review, the details of Foreign Exchange earnings & Outgo of the Company are as under

Foreign Exchange earnings: - Nil

Outgo- Nil (previous year: ₹ 0.23 million towards procurement of software)

34) CORPORATE GOVERNANCE

The Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 which, inter alia, required housing finance companies to comply with the corporate governance standards. As per these Directions, the Policy on Related Party Transaction, Report on Corporate Governance and Management Discussion & Analysis Report are enclosed at Annexure V, Annexure VI and Annexure VII, respectively.

35) DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company is committed to provide a work environment that ensures every woman employee is treated with dignity and respect and afforded equitable treatment. The Company is also committed to promote a work environment that is conducive to the professional growth of its women employees and encourages equality of opportunity. The Company will not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its women employees are not subjected to any form of harassment. During the year under review, neither any complaint was received nor was any pending at the commencement or end of the year.

36) ANNEXURE FORMING PART OF THIS REPORT OF DIRECTORS

The Annexure referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report of the Directors:

a. Extract of Annual Return- **Annexure I**

b. Report on Corporate Social Responsibility - **Annexure II**

c. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 – **Annexure III**

d. Secretarial Audit Report- **Annexure IV**

e. The Policy on Related Party Transaction- **Annexure V**

f. Report on Corporate Governance- **Annexure VI**

g. Management Discussion & Analysis Report- **Annexure VII**

37) ACKNOWLEDGEMENTS

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the regulators, stock exchanges, other statutory bodies and Company's bankers for the assistance, cooperation and encouragement extended to the Company.

Your Directors also gratefully acknowledge all stakeholders of the Company viz. customers, dealers, vendors, banks and other business partners for the excellent support received from them during the year. Your Company's employees are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as shareholder is also greatly valued. Your Directors look forward to your continued support.

For and on behalf of the Board of Directors

Monu Ratra	**R. Venkataraman**
Executive Director & CEO	Director
DIN: 07406284	DIN: 00011919
Place: Gurugram	Place: Mumbai
Date: April 28, 2021	

ANNEXURE – I TO DIRECTORS' REPORT

Extract of Annual Return as provided under section 92 (3) of Companies Act, 2013

The Extract of Annual Return as specified in form MGT-9 under Section 92 (3) of Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 are as under:

I. REGISTRATION AND OTHER DETAILS

1	CIN	U65993MH2006PLC166475
2	Registration Date	26/12/2006
3	Name of the Company	IIFL Home Finance Limited
4	Category/ Sub Category of the Company	Category- Company Limited by Shares and sub category- Indian Non-Government Company.
5	Address of the Registered Office of the Company#	IIFL House, Sun Infotech Park, Road no. 16V, Plot no. B-23, MIDC Thane Industrial Area, Wagle Estate, Thane – 400604
6	Whether Listed / Unlisted	Debt Listed Company
7	Name, address and contact details of Registrar and Transfer Agent	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 E-mail : rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the Total turnover of the Company shall be stated:-

Sr. No	Name and Description of main products/ services	NIC code of the product/ Service	% to total turnover of the Company
1	Carrying out activities of Housing Finance (Housing Loan & Non Housing Loan)	65922	93.78%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/ GIN	Holding/ Subsidiary/ Associate Company	% of Shares held	Applicable Section
1	IIFL Finance Limited	L67100MH1995PLC093797	Holding	100%	Section 2 (46) of Companies Act, 2013

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % OF TOTAL EQUITY)

i. Category- wise Shareholding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian	-	-	-	-	-	-	-	-	-
a. Individual/ HUF	-	-	-	-	-	-	-	-	-
b. Central Govt./ State Govt.	-	-	-	-	-	-	-	-	-
c. Body Corporate	20,967,581	600*	20,968,181	100	20,967,581	600*	20,968,181	100	Nil
d. Banks/ FIS	-	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)									
2) Foreign									
a. NRI- Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/ FI	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) +(A) (2)	**20,967,581**	**600***	**20,968,181**	**100**	**20,967,581**	**600***	**20,968,181**	**100**	**Nil**
B. Public Shareholding									
1) Institutions									
a) Mutual funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	-	-	-	-	-	-	-	-	-
c) Central Govt./ State Govt.	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) FIIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
h) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub- Total (B) (1)									
2) Non-Institutions									
a) Bodies Corporates	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
(i) (i) Individuals holding nominal share capital up to ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
(ii) (ii) Individual holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others	-	-	-	-	-	-	-	-	-
Sub (B) (2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B) (1) + (B) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Shares held by Custodian for GDR's and ADR's	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**20,967,581**	**600***	**20,968,181**	**100**	**20,967,581**	**600***	**20,968,181**	**100**	**Nil**

*Shares were held by six nominee shareholders holding 100 equity shares each on behalf of IIFL Finance Limited.

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

ii. Shareholding of Promoters

Sr. No	Shareholders name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	IIFL Finance Limited	20,968,181*	100	-	20,968,181*	100	-	Nil

*Includes 600 equity shares held by 6 nominee shareholders holding 100 equity shares each on behalf of IIFL Finance Limited.

iii. Change in Promoters' Shareholding: Nil

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Company is wholly owned subsidiary of IIFL Finance Limited. This clause is not applicable.

v. Shareholding of Directors and Key Managerial Personnel

Sr. No	Name of Director/ KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Mr. Kranti Sinha – Director	-	-	-	-
2	Mr. Sridhar Srinivasan-Director	-	-	-	-
3	Mr. Nirmal Bhanwarlal Jain- Director	-	-	-	-
4	Mr. Venkataraman Rajamani- Director	-	-	-	-
5	Mr. Aurn Kumar Purwar – Director	-	-	-	-
6	Ms. Suvalaxmi Chakraborty-Director	-	-	-	-
7	Mr. Monu Ratra- ED & CEO*	100	Negligible	100	Negligible
8	Mr. Ajay Jaiswal- Company Secretary	-	-	-	-
9	Mr. Amit Kumar Gupta – Chief Financial Officer*	100	Negligible	100	Negligible

*As a nominee of IIFL Finance Limited.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
i. Principal Amount	115,309.60	4,395.82	-	119,705.42
ii. Interest Due but not paid	-	-	-	-
iii. Interest Accrued but not due	3,392.19	352.93	-	3,745.12
Total (i+ii+iii)	**118,701.79**	**4,748.75**	**-**	**123,450.53**

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Change in Indebtedness during the financial year				
Additions / (Reduction)				
i. Principal Amount	7,689.55	(495.21)	-	7,194.35
ii. Interest Due but not paid	-	-	-	-
iii. Interest Accrued but not due	(655.62)	113.19	-	(542.44)
Net Change	**7,033.93**	**(382.02)**	**-**	**6,651.91**
Indebtedness at the end of the financial year				
i. Principal Amount	122,999.15	3,900.62	-	126,899.76
ii. Interest Due but not paid	-	-	-	-
iii. Interest Accrued but not due	2,736.57	466.12	-	3,202.68
Total (i+ii+iii)	**125,735.71**	**4,366.73**	**-**	**130,102.45**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole Time Director and/ or Manager

(₹ in Million)

Sr. No	Particulars of Remuneration	Managing Director – NA	Mr. Monu Ratra – Executive Director & CEO	Manager – NA	Total Amount
1	**Gross Salary**	-	17.43	-	-
	(a) Salary as per provisions contained in Section 17 (1) of Income Tax Act, 1961	-	17.40	-	-
	(b) Value of Perquisites u/s 17 (2) of Income Tax Act, 1961	-	0.03	-	-
	(c) Profit in lieu of salary under Section 17 (3) of Income Tax Act, 1961	-	-		
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission -as a % of profit - others, specify	-	-	-	-
5	- Others, (performance bonus)	-	10.70	-	-
	Total (A)	**-**	**28.13**	**-**	**-**
	Ceiling as per the Act	In terms of the provisions of the Companies Act, 2013, ("Act') the remuneration payable to the Executive Director shall not exceed 5% of the net profit of the Company as calculated as per the Act. The remuneration paid to Mr. Monu Ratra – Executive Director & CEO was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the members of the Company.			

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

B. Remuneration to other Directors

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Kranti Sinha	S Sridhar	Suvalaxmi Chakraborty	Arun Kumar Purwar	
1	**Independent Directors**					
	Fees for attending Board Committee Meeting	0.57	0.69	0.45	0.33	2.04
	Commission	-	1.0	1.0		2.00
	Others, please specify					
	Total (1)	0.57	1.69	1.45	0.33	4.04
2	**Other Non- Executive Director**					
	Fees for attending Board Committee Meeting					
	Commission	-	-	-	-	-
	Others, please specify					
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total B (1+2)	**-**	**-**	**-**	**-**	**-**
	Total Managerial Remuneration	**0.57**	**1.69**	**1.45**	**0.33**	**4.04**
	Overall ceiling as per the Act.	1. In terms of the provisions of the Companies Act, 2013, "Act" the remuneration payable to directors (other than Executive Directors) shall not exceed 1% of the net profit of the Company, as calculated as per the Act. The remuneration paid to the Independent Directors listed above was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the Members of the Company. 2. The remuneration paid to the Directors of the Company was within the overall ceiling as prescribed under the Companies Act, 2013.				

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

(₹ in Million)

S. No	Particulars of Remuneration	Mr. Monu Ratra -Executive Director & CEO*	Mr. Ajay Jaiswal -Company Secretary	Mr. Amit Gupta - Chief Financial Officer	Total
1	**Gross Salary**	17.43	4.94	5.09	27.46
	(a) Salary as per provisions contained in Section 17 (1) of Income Tax Act, 1961	17.40	4.90	5.06	27.36
	(b) Value of Perquisites u/s 17 (2) of Income Tax Act, 1961	0.03	0.04	0.03	0.1
	(c) Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	-	-	-	-
2	**Stock Option**	-	-	-	-
3	**Sweat Equity**	-	-	-	-
4	**Commission** -as a % of profit - others, specify	-	-	-	-
	-Others, (performance bonus)	10.70	1.46	1.15	13.31
5	**Total**	**28.13**	**6.40**	**6.26**	**40.77**

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

D. Penalties/ punishment/ Compounding of offences

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ Comp	Authority [RD/ NCLT/Court]	Appeal Made, if any
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty			NOT APPLICABLE		
Punishment					
Compounding					
C. Other officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Monu Ratra
Executive Director & CEO
DIN: 07406284
Place: Gurugram
Date: April 28, 2021

R. Venkataraman
Director
DIN: 00011919
Place: Mumbai

ANNEXURE – II TO DIRECTORS' REPORT

The Annual Report on Corporate Social Responsibility (CSR) Activities of IIFL Home Finance Limited

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. OUTLINE OF CSR POLICY:-

The CSR Policy and projects of IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited) are steered by the same values that guide the business of the IIFL Group of Companies. It can be summarised in one acronym – FIT, which stands for:

- **Fairness** in all our transactions
- **Integrity** and Honest in letter, in spirit and in all our dealing with people
- **Transparency** in all our dealings

By applying these values to the CSR projects, Home Finance Limited undertakes initiatives that create sustainable growth and empowers underprivileged sections of society.

The focus areas prioritised by IIFL Home Finance Limited in its CSR strategy are given below:-

- Literacy initiative for Females
- Crèche cum Learning Facility for children of laborers at Construction site
- Support to Educational Research Programs
- Fight against outbreak of COVID-19 pandemic
- Promoting Education of the under privileged
- Livelihood

The CSR Project of IIFL Home Finance Limited, is managed by India Infoline Foundation (generally referred as "IIFL Foundation"). The CSR Policy adopted by IIFL Home Finance Limited is available on the website of the Company : https://www.iifl.com/sites/default/files/pdf/IIFL_CSR_policy.pdf

COMPOSITION OF THE CSR COMMITTEE:

IIFL Home Finance Limited has constituted a CSR Committee of the Board that fulfils all requirements of Section 135 of the Companies Act, 2013 (hereafter referred to as Section 135). The members constituting the Committee have been listed below:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. R Venkataraman	Chairperson	1	1
2	Mr. Kranti Sinha	Member	1	1
3	Mr. Monu Ratra	Member	1	1

DETAILS ON CSR PROJECTS AND COMMITTEE MEMBERS

Further details on CSR Committee Members can be found on website of the Company and the projects details can be found over website of IIFL Foundation: https://iiflfoundation.com

IMPACT ASSESSMENT OF CSR PROJECTS

Not applicable.

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

AMOUNT AVAILABLE FOR SET OFF

Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1	2020-21	NIL	NIL
2	2019-20	NIL	NIL
3	2018-19	NIL	NIL
	TOTAL		

PRESCRIBED CSR EXPENDITURE

i. **Average net profit for last three financial years:**

The average net profit of IIFL Home Finance Limited of the last three financial years was calculated to be ₹ 3,901,244,223/-

ii. **Prescribed CSR Expenditure:**

In terms of the provisions of Section 135 of the Companies Act, 2013, the recommended CSR expenditure for 2020-21 of IIFL Home Finance Limited was ₹ 78,050,000/-

iii. **Amount Spent:**

During the financial year 2020-21, IIFL Home Finance Limited, spent entire aforesaid budget amounting to ₹ 79,063,496/- , on various social development activities, thereby fulfilled its commitment of spending 2% on its CSR activities.

iv. **Amount unspent:**

Nil

Sl. No.	Particulars	Amount (in ₹)
a.	2 % of average net profit of the Company as per section 135(5)	7,80,50,000/-
b.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
c.	Amount required to be set off for the financial year, if any	NIL
d.	**Total CSR obligation for the financial year (7a+7b- 7c)**	7,80,50,000/-

DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

During 2020-21, IIFL Home Finance Limited, spent a total of ₹ 79,063,496/- on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below.

a) Amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of theFund	Amount.	Date of transfer.
79,063,496/-	NIL	NIL	NIL	NIL	NIL

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account	Mode of Implementation - Direct (Yes/No).	Mode of Implementation – Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Sakhiyon ki Badi	Promoting Education	No	Rajasthan	Pratapgarh, Udaipur, Rajsamand	-	-	49,352,567/-	NIL	No	IIFL Foundation	CSR00002470
	TOTAL							**49,352,567/-**				

c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account	Mode of Implementation -	Mode of Implementation – Through Implementing Agency	
				State.	District.				Name	CSR Registration number.
1.	Chauras – Literacy centre for children of labourers at construction site	Promoting Education	Yes	Uttar Pradesh	Gautam Budh Nagar	795,278/-	NIL	Yes	IIFL Foundation	CSR00002470
2.	Community Schools – Seva Kutir	Promoting Education	No	Madhya Pradesh	Khandwa	6,250,000/-	NIL	Yes	IIFL Foundation	CSR00002470
3.	International Foundation for Research and Education	Promoting Education	No	India	-	9,534,131/-	NIL	Yes	IIFL Foundation	CSR00002470
4.	Digital Learning Tools	Promoting Education	No	Rajasthan	Udaipur	4,477,000/-	NIL	Yes	IIFL Foundation	CSR00002470
5.	Livestock Development Programme	Livelihood	No	Karnataka	Hassan	2,104,776/-	NIL	Yes	IIFL Foundation	CSR00002470
6.	Environmental Sustainability Initiatives	Environment	No	Uttar Pradesh, New Delhi	Gautam Budh Nagar	6,549,744/-	NIL	Yes	IIFL Foundation	CSR00002470
	TOTAL					**29,710,929/-**				

d) **Amount spent in Administrative Overheads:** The amount has been well within the prescribed limits of 5% or below, of the overall cost at ₹ 3,625,077/-

e) **Amount spend on impact assessment:** Not Applicable.

f) **Total amount spent for the Financial Year:** 79,063,496/-

g) **Excess amount for set off, if any :** NIL

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

(a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer.	
1.	2019-20	NIL	6,34,75,190/-	-	-	-	-
2.	2018-19	NIL	36,045,000/-	-	-	-	-
3.	2017-18	NIL	21,209,000/-	-	-	-	-
	TOTAL		**120,729,190/-**				

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	**Project ID.**	**Name of the Project.**	**Financial Year in which the project was commenced.**	**Project duration.**	**Total amount allocated for the project (in ₹)**	**Amount spent on the project in the reporting Financial Year (in ₹)**	**Cumulative amount spent at the end of reporting Financial Year. (in ₹)**	**Status of the project - Completed /Ongoing.**
1.	-	Sakhiyon ki Baadi	2016-17	-	4,93,52,567/-	4,93,52,567/-	11,21,83,521/-	Ongoing
	TOTAL					**4,93,52,567/-**	11,21,83,521/-	

Brief Description of Key Projects:

i. Girl Child illiteracy eradication program:

It is a matter of great concern and shame that girls in large number continue to be out of school and remain illiterate. This problem is particularly severe in northern state of Rajasthan, India Infoline Foundation has vowed to change this in the next few years through starting community schools, which are multi grade multi-level schools started in the villages as per the convenience of the girls to enable them to get educated. IIFL Foundation has setup such 990 schools across 11 districts of Rajasthan for girls known as - Sakhiyon ki Baadi (SKB). This literacy initiative engages over 29,444 girls, primarily from eight tribal communities of Rajasthan and has completed 4 years. It has brought over 3000+ girls in the main fold education by their enrolment in government schools.

During the Covid-19 pandemic, owing to the subsequent lockdowns, the teaching and learning continued over online platform.

ii. Chauras – Learning center for children of laborers at construction site

Chauras is a learning center cum crèche for children of migrant construction site workers. The center operates from 9 am to 5:30, through the week, providing education, healthy meals and overall a place of safety for the children in age of 3 months to 15 years old.

The center is operating in a limited capacity as the pandemic has put limitations over work at construction site and also a significant number of laborers have returned to their hometown during the lockdown. Post lockdown, Chauras regained its operation observing the safety guidelines issued by the Health Ministry of India to prevent spread of Covid-19. Health check-ups and vaccinations are scheduled at regular intervals.

iii. Community Schools – Seva Kutir

The project focuses on elevating the education levels of children from Scheduled Caste and Scheduled Tribe communities. During the last one year, due to lockdown imposed by COVID-19 pandemic, government schools have been not functional as earlier. So, in these rural pockets of Madhya Pradesh, these community learning centers proved to be the only space that sustained the teaching and learning, children are getting education.

Along with the educational activity, children engage in yoga sessions and outdoor sports, vital to build the physical strength of children.

iv. International Foundation for Education and Research

Extended financial support to the esteemed Ashoka

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

University towards its research and fellowship programs.

v. **Livestock Development Programme**

IIFL Foundation has initiated Livestock Development Program - Cattle in Rajasthan & Karnataka to provide services/ inputs at the doorstep of the cattle owners to encourage and maintain livestock rearing as a secondary source of income. The main objective of livestock development activities is to upgrade the local indigenous low milk-yielding cows and promote dairy produce, thus development in livestock.

vi. **Environmental Sustainability Initiatives**

Awareness campaigns, drives and activities were organised to spread good practices towards safeguarding environment.

RESPONSIBILITY STAEMENT OF THE CSR COMMITTEE

Through this report, IIFL Home Finance Limited seeks to communicate its commitment towards CSR to the Ministry of Corporate Affairs. The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The Board of the Company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All projects reported have been selected based on careful evaluation of the extent to which they create sustainable positive outcomes for marginalised segments of society. The Company has adopted measures to ensure that these projects are implemented in an effective and efficient manner so that they are able to deliver maximum potential impact. In line with the requirements of the Section 135, the Company has also established a monitoring mechanism to track the progress of its CSR projects. The CSR Committee and the Board ensures that the funds disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer.

INCASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAILS).

(a) Date of creation or acquisition of the capital asset(s). **– Not Applicable.**

(b) Amount of CSR spent for creation or acquisition of capital asset. **– Not Applicable**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **– Not applicable**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **– Not Applicable.**

Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).

The Company has been able to spent in whole, the amount prescribed for 2020-21.

For IIFL Home Finance Limited

R. Venkataraman	**Monu Ratra**
Chairman	Executive Director & CEO
(DIN: 00011919)	(DIN: 07406284)
Place: Mumbai	Place: Gurugram
Date: April 28, 2021	

ANNEXURE – III TO DIRECTORS' REPORT

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No	Requirements	Disclosure	
1	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year.	Executive Chairman	Nil
		Executive Director & CEO	78.68
		Non- Executive Director	
		Mr. S. Sridhar	2.80
		Mr. Kranti Sinha	Nil
		Mr. Nirmal Jain	Nil
		Mr. R. Venkataraman	Nil
		Mr. Sumit Bali*	Nil
		Ms. Suvalaxmi Chakraborty	2.80
		Mr. Arun Kumar Purwar	Nil
2	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year.	Executive Chairman	Nil
		Executive Director & CEO	5%
		Non- Executive Director	
		Mr. S. Sridhar	Nil
		Mr. Kranti Sinha	Nil
		Mr. Nirmal Jain	Nil
		Mr. R. Venkataraman	Nil
		Mr. Sumit Bali*	Nil
		Ms. Suvalaxmi Chakraborty	Nil
		Mr. Arun Kumar Purwar	Nil
		KMPs other than Directors	
		Chief Financial Officer	Nil
		Company Secretary	Nil
3	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 3%. The calculation of % increase in median remuneration is done based on comparable employees. For this, the employees who were not eligible for any increment have been excluded.	
4	The number of permanent employees on the rolls of the Company	The Company had 1,770 employees on the rolls as on March 31, 2021.	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Not applicable to the Company as all the employees are under managerial role.	

ANNEXURE – III TO DIRECTORS' REPORT (Contd.)

Sr. No	Requirements	Disclosure
6	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

·Mr. Sumit Bali ceased to be Director of the Company w.e.f. June 23, 2020 due to his resignation.

For and on behalf of the Board of Directors

Monu Ratra
Executive Director & CEO
DIN: 07406284
Place: Gurugram

R. Venkataraman
Director
DIN: 00011919
Place: Mumbai

Date: April 28, 2021

ANNEXURE – IV TO DIRECTORS' REPORT

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
IIFL Home Finance Limited
(CIN: U65993MH2006PLC166475)
(Formerly known as India Infoline Housing Finance Limited)
IIFL House, Sun Infotech Park, Road No. 16V,
Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate,
Thane, Maharashtra - 400604

We have conducted the Secretarial Audit in compliance with the applicable statutory provisions and in adherence to good corporate practices by **IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited)** (hereinafter referred to as 'the Company'), having its Registered Office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, MIDC, Thane Industrial Area, Wagle Estate Thane, Maharashtra - 400604. The Secretarial Audit was conducted in a manner that provided us a reasonable foundation for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification, to the extent possible due to widespread of the COVID- 19 Pandemic, of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2021**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

I. The Companies Act, 2013 ('the Act') and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

207 & 201, Suchet Chambers, 1224/5, Bank Street, Karol Bagh, New Delhi -110005 Phone: 9212221110, 011-4504 2509; www.rmgcs.com, E-Mail: info@rmgcs.com

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable. Further, there were no compliances required relating to Foreign Direct Investment, Oversees Direct Investment except External Commercial Borrowings during the period under review.

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-

   i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**

   ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

   iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**

   iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**

   v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of the securities issued;

   vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable since the shares of the Company**

ANNEXURE – IV TO DIRECTORS' REPORT (Contd.)

are not listed on any stock exchange during the period under review];

viii. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review].**

VI. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:

1. The National Housing Bank Act, 1987;
2. The Housing Finance Companies (NHB) Directions, 2010;
3. The Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
4. The Housing Finance Companies Corporate Governance (National Housing Bank) Directions, 2016;
5. The Housing Finance Companies Approval of Acquisition or Transfer of Control (National Housing Bank) Directions, 2016;
6. The Fair Practices Code (FPC) for all HFCs;
7. Guidelines on 'Know Your Customer & Anti Money Laundering Measures' for HFCs.
8. The IRDAI (Registration of Corporate Agents) Regulations, 2015

During the period under review, Department of Supervision, National Housing Bank (NHB) has levied a penalty of ₹ 18,55,000/- plus GST, for non-adherence to the para 2(1)(zc)(ii) of the Housing Finance Companies (NHB) Directions, 2010 and subsequent clarification issued vide National Housing Bank's Policy Circular No. 55 on the same. As per National Housing Bank, non-compliance was with reference to the inspection of the Company as on March 31, 2019. The Company has deposited the penalty amount under protest and has requested NHB to reconsider and review its decision based on the facts of matter.

For the compliances of Labour Laws & other General Laws, our examination and reporting is based on the documents, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable, Labour Laws & other General Laws.

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the Statutory Auditor and other designated professionals.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India. However, the stricter applicability of the Secretarial Standards is to be observed by the Company.
2. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. MCA Notification No. G.S.R 186 (E) dated March 19, 2020 read with Notification No. G.S.R 395 (E) dated June 23, 2020 to conduct the Meetings of the Board or its committees through Video Conferencing (VC) or other audio- visual means (OAVM).

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to observations elsewhere mentioned in the report.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice(s) were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance to all Directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings of the Board and Committees of the Board duly signed by the Chairman, all the decisions of the Board were adequately passed and no dissenting views have been recorded.

As per the records, the Company has generally filed all the returns, documents and resolutions, forms, as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is generally in compliance with the Act.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

ANNEXURE – IV TO DIRECTORS' REPORT (Contd.)

We further report that during the audit period the Company has following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above:-

i. During the period under review, M/s Deloitte Haskins & Sells LLP tendered their resignation, vide letter dated May 26, 2020, as the Statutory Auditors of the Company and M/s M.P. Chitale & Co. Chartered Accountants were appointed as the Statutory Auditors of the Company to fill the casual vacancy in the Board Meeting held on June 07, 2020. Further, the appointment of M/s M.P. Chitale & Co. Chartered Accountants in casual vacancy was confirmed in the Annual General Meeting (AGM) held on June 11, 2020 and they were appointed as the Statutory Auditors of the Company for a further period of 5 years in the said AGM.

ii. The Company has acquired 25% stake, 6,60,61,285 equity shares of Samsta Micro Finance Limited from IIFL Finance Limited, after obtaining necessary approval in the Board Meeting held on June 06, 2020.

iii. The Board of Directors of the Company in its meeting held on June 06, 2020, provided their consent to issue and allot Secured Redeemable Non-Convertible Debentures and unsecured Redeemable Non-Convertible Debentures of upto ₹ 5,000 Crore in one or more tranches by way of public offer.

iv. The Company has altered the Object Clause of Memorandum of Association after obtaining necessary approvals in the 22nd Extraordinary General Meeting held on September 28, 2020, by insertion of Clause 5 in the Object Clause III A.

v. The Company has availed overdraft facility of ₹ 400 Crore from RBL Bank Limited against security of its Fixed Deposit (FD). The Company should file form CHG-1 in such cases.

vi. During the period under review, the Company has made allotment of 4,620 Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000/- (Rupees Ten Lakhs) each, aggregating to ₹ 462 Crore.

vii. The Board of Directors of the Company in its meeting held on January 23, 2021 provided their consent to offer, Secured/Unsecured/ Listed/Unlisted/ Rated/ Unrated/ Non - Convertible/ Market Linked/ Subordinated Debt/ Perpetual Debentures/Fixed Maturity Debentures, aggregating to ₹ 5,000 Crore on private placement basis during the financial year 2021-2022, (i.e. April 1, 2021 to March 31, 2022), in one or more tranches and delegated the necessary powers to the Finance Committee.

viii. The Company has declared interim dividend @ ₹ 25 per share on January 23, 2021 in compliance of the applicable provisions stated in the Act.

ix. Mr. Monu Ratra (DIN: 07406284) was re-appointed as Executive Director & CEO at the 23rd Extraordinary General Meeting held on January 28, 2021, with effect from the same date.

For RMG & Associates
Company Secretaries
Firm Registration No. P2001DE16100
Peer Review No. : 734 / 2020

CS Manish Gupta
Partner
FCS: 5123; C.P. No.: 4095

Place : New Delhi
Date: April 28, 2021
UDIN : F005123C000185897

Note: This report is to be read with 'Annexure' attached herewith and forms an integral part of this report.

ANNEXURE – IV TO DIRECTORS' REPORT (Contd.)

Annexure - I

The Members

IIFL Home Finance Limited

(Formerly known as India Infoline Housing Finance Limited)

Our Secretarial Audit Report of even date, for the financial year ended March 31, 2021 is to be read along with this letter:

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operating effectively.
2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.

For RMG & Associates
Company Secretaries
Firm Registration No. P2001DE16100
Peer Review No. : 734 / 2020

CS Manish Gupta
Partner
FCS: 5123; C.P. No.: 4095

Place : New Delhi
Date: April 28, 2021
UDIN : F005123C000185897

ANNEXURE – V TO DIRECTORS' REPORT

Related Party Transaction Policy

IIFL HOME FINANCE LIMITED

I. OBJECTIVE

To ensure that all transactions with the related parties are properly identified, reviewed and approved pursuant to the applicable law. This policy applies to any transaction where the Company is a participant, and the Related Party has or will have a direct or indirect material interest in the transaction. This Policy may be amended at any time and is subjected to further guidance from the Audit Committee/ Board of Directors.

II. GUIDING ACT/REGULATIONS/RULES

a) The Companies Act, 2013 and rules made there under

b) Ind AS -24

III. DEFINITIONS

(i) **"Audit Committee"** or **"Committee"** means Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013.

(ii) **"Board"** means the Board of Directors of the Company.

(iii) **"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

(iv) **"Key Managerial Personnel"** means key managerial personnel as defined under the Companies Act, 2013

(v) **"Material Related Party Transaction"** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten % of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

(vi) **"Policy"** means the Policy on Related Party Transactions

(vii) **"Related Party"** and **'Relative'** has the same meaning as described in the Companies Act, 2013, which is defined as follows:

Pursuant to Section 2(76) of the Companies Act, 2013 a "related party", with reference to a Company, means—

(i) a director or his relative;

(ii) a key managerial personnel or his relative;

(iii) a firm, in which a director, manager or his relative is a partner;

(iv) a private Company in which a director or manager is a member or director;

(v) a public Company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;

(vi) any Body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any Company which is—

(A) a holding, subsidiary or an associate Company of such Company; or

(B) a subsidiary of a holding Company to which it is also a subsidiary;

(ix) such other person as may be prescribed;

As per Rule 3 of the Companies (Specification of definitions details) Rules, 2014,

"related party" - For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director other than an independent director or key managerial personnel of the holding Company or his relative with reference to a Company, shall be deemed to be a related party.

IV. RELATED PARTY TRANSACTIONS (RPT)

As per Section 188 of Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, the following transactions will be considered as "Related Party Transactions;

a. sale, purchase or supply of any goods or materials;

b. selling or otherwise disposing of, or buying, property of any kind;

c. leasing of property of any kind;

d. availing or rendering of any services;

e. appointment of any agent for purchase or sale of goods, materials, services or property;

ANNEXURE – V TO DIRECTORS' REPORT (Contd.)

f. such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and

g. underwriting the subscription of any securities or derivatives thereof, of the Company:

V. COMPLIANCES/APPROVALS/PROCESSES WITH RESPECT TO RELATED PARTY TRANSACTIONS

In compliance and as provided in Section 188 of the Companies Act, 2013, the following process is put in place:

A. Approval of the Board/ Audit Committee

1. All proposed related party transactions / arrangements or any modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arms length & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.

2. All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

   a. The Audit Committee lays down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

   b. While granting omnibus approval, the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

   c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

   d. Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 Crore per transaction;

   e. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

   f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

3. Related Party Transactions as defined under Section 188 of Companies Act, 2013 which are not in ordinary course of business and/or not on arms length basis or any subsequent modification thereto, will be placed before the Board for its approval.

B. Approval of Shareholders

The following transactions will be placed before the shareholders for its approval through Special Resolution;

i. sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding 10% of the annual turnover or ₹ 100 Crore, whichever is lower

ii. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding 10% of net worth or ₹ 100 Crore, whichever is lower

iii. leasing of property of any kind exceeding 10% of the net worth or exceeding 10% of turnover or ₹ 100 Crore, whichever is lower

iv. availing or rendering of any services directly or through appointment of agents exceeding 10% of annual turnover or ₹ 100 Crore, whichever is lower

v. appointment to any office or place of profit in the Company, its subsidiary Company or associate Company at a monthly remuneration exceeding two and half Lakh rupees

vi. remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding one % of the net worth

C. Review of RPTs by Audit Committee

Review of transactions with related parties pursuant to Accounting Standard – 18, on quarterly basis.

D. Disclosure

All Related Party Transactions will be disclosed in annual report, results and other filings, as

ANNEXURE – V TO DIRECTORS' REPORT (Contd.)

may be applicable, made by the Company to the extent required as per the applicable provisions of the laws and regulations.

In terms of General Circular No. 30/2014 dated July 17, 2014 issued by MCA, all existing contracts approved pursuant to Section 297 of the Companies Act, 1956 will not require fresh approval under the said section 188 till the expiry of the original term of such contracts.

VI. CRITERIA / DOCUMENTS / PROCESS FOR ALL TRANSACTIONS WITH RELATED PARTIES

a) For all the transactions, due documentation by way of contract/agreement/ bills/invoices/ should be in place.

b) All the related party transactions shall be subject to the applicability, limits, enablement and other conditions as prescribed under the applicable Acts, Rules, Regulations and circulars and guidelines of Regulatory authorities including RBI, NHB, SEBI, MCA, Income Tax, etc.

c) In case of infrastructure and common sharing arrangement, the terms of arrangement including the nature and quality of services, consideration and other terms and conditions shall be as comparable with the terms if availed from the market/third parties.

d) In case of purchase/ sale of fixed assets or other assets, the same shall be at market prices or as per the value certificate.

e) Related Party Transaction shall be approved after assessing all material terms and conditions of the transaction and ensure that the terms are comparable with the market rates/practices at the particular point of time and on arms length basis. The following information will be taken into account when assessing a Related Party Transaction:

   a. The terms of such transaction;
   b. The Related Person's interest in the transaction;
   c. The purpose and timing of the transaction;
   d. the nature of the Company's participation in the transaction;
   e. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
   f. Information concerning potential counterparties in the transaction;
   g. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
   h. Any other relevant information regarding the transaction.

f) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting, should be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. If the said ratification is not done such contract or arrangement shall be voidable at the option of the Board;

Any other regulatory changes in this regard will stand updated in the policy from time to time.

For and on behalf of the Board of Directors

Monu Ratra	**R. Venkataraman**
Executive Director & CEO	Director
DIN: 07406284	DIN: 00011919
Place: Gurugram	Place: Mumbai
Date: April 28, 2021	

ANNEXURE – VI TO DIRECTORS' REPORT

Report on Corporate Governance

The Company as a corporate citizen recognises its role, responsibility and accountability towards its all stakeholders including society in general. As the Company has been growing in size, its responsibility and accountability towards its stakeholders have also been growing simultaneously. The Company envisions becoming the most respected Company in financial services space and firmly believes that highest degree of corporate governance is the key to achieve it and emphasises on implementing the robust, resilient and best corporate practices in every facet of its operations and activities. The Company considers all its stakeholders as partners in the Company's success and, therefore, there has always been strived to maintain a valuable relationship and trust with all its stakeholders and over the years nurturing this relationship and trust with utmost care. Corporate governance philosophy is not limited to compliance of regulatory norms but to imbibe transparency, fairness, integrity, effective internal control at each level of operations in each business transactions, adequate and prompt disclosure to respective stakeholders. The corporate governance is the set of rules, controls, policies, practices and processes that plays a pivotal role way beyond the regulatory compliance requirements. The ultimate responsibility to oversee the corporate governance lies with the Board of Directors and the changing environment of stakeholder stewardship has greater influence on the quality of the board and its composition, skills. The Company has adequate mix of the Board with majority of Independent Directors and the entire Board is from financial services background with demonstrated skill sets and relevant experience which bring rich experience of financial services into the Company. The Board constituted various committees of Directors and/or officers those were mandated under the Companies Act, by National Housing Bank/Reserve Bank of India through its various Policy Circulars/Directions and those were warranted for smooth operations of the Company. The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activity of the Company. The responsibility of the Board as a whole, and Terms of Reference Committees are provided in this report.

1) BOARD OF DIRECTORS

The size of the Board commensurate with the size and business of the Company. As on March 31, 2021, the Board comprises of following Directors as mentioned below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S. Sridhar	*Chairman, Independent Director*	8	8
Mr. Kranti Sinha	*Independent Director*	8	6
Ms. Suvalaxmi Chakraborty	*Independent Director*	8	8
Mr. Arun Kumar Purwar	*Independent Director*	8	8
Mr. Nirmal Jain	*Non Executive Director*	8	6
Mr. R Venkataraman	*Non Executive Director*	8	6
Mr. Monu Ratra	*Executive Director & CEO*	8	8
Mr. Sumit Bali*	*Non Executive Director*	3	3

*Mr. Sumit Bali resigned as Director of the Company with effect from June 23, 2020.

Responsibilities of the Board

i. The key purpose of the Board is to ensure the Company's prosperity by collectively directing its affairs, whilst meeting the appropriate interests of its shareholders and stakeholders.

ii. The Board is primarily responsible for:

   a) establishing vision, mission & values and determining, reviewing the goals, policy of the Company from time to time;

   b) setting strategy and structure and deciding the means to implement and support them;

   c) delegate to Management, determine monitoring criteria to be used to ensuring effectiveness of Internal Controls;

   d) exercising accountability to shareholders and be responsible to relevant stakeholders; and

   e) Management and Control.

2) COMMITTEES

The Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters.

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

These include the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Asset Liability Management Committee, Risk Management Committee, Corporate Social Responsibility Committee, etc. The composition of the various Committees along with their terms of reference are provided herein below.

A. Audit Committee

In terms of the requirements of section 177 and other applicable provisions of the Companies Act, 2013, read with Rules made thereunder, the Board constituted an Audit Committee.

Composition of the Audit Committee as on March 31, 2021 and number of the meetings held and attended by the members of the Committee during 2020-21 are summarised below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S. Sridhar	Chairman, Independent Director	6	6
Mr. Kranti Sinha	Independent Director	6	6
Ms. Suvalaxmi Chakraborty	Independent Director	6	6
Mr. R Venkataraman	Non Executive Director	6	5

The Company Secretary to act as Secretary to the Audit Committee. The details of all Related Party Transactions are periodically placed before the Audit Committee. During the year, there were no instances where the Board did not accept the recommendations of the Audit Committee.

The role and terms of reference of the Audit Committee, inter alia, includes the following:

i. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

ii. review and monitor the auditor's independence and performance, and effectiveness of audit process;

iii. examination of the financial statement and the auditors' report thereon;

iv. approval or any subsequent modification of transactions of the Company with related parties;

v. scrutiny of inter-corporate loans and investments;

vi. valuation of undertakings or assets of the Company, wherever it is necessary;

vii. evaluation of internal financial controls and risk management systems;

viii. monitoring the end use of funds raised through public offers and related matters;

ix. Appointment of Internal Auditor.

x. The Audit Committee have such powers and it performs such functions as may be required under the Companies Act, 2013 and such other applicable Regulations as may be notified by Securities and Exchange Board of India, National Housing Bank and other regulators from time to time.

During the year under review, the Audit Committee met 6 times i.e. on May 23, 2020, June 06, 2020, June 07, 2020 (adjourned), July 18, 2020, October 17, 2020, December 18, 2020 and January 23, 2021.

B. Nomination and Remuneration Committee

In terms of the provisions of section 178 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Board constituted a Nomination and Remuneration Committee of the Directors. Presently, the Committee comprises the following Directors:-

Mr. S. Sridhar – Independent Director

Mr. Kranti Sinha - Independent Director

Mr. R Venkataraman –Non Executive Director

The terms of reference of the Nomination and Remuneration Committee, inter alia, includes the following:

i. identify persons who are qualified to become Directors and who may be appointed in Senior Management and recommend to the Board their appointment and removal;

ii. carry out evaluation of every Director's performance;

iii. formulate the criteria for determining qualifications, positive attributes and independence of a Director;

iv. to devise policy on:

   a) remuneration including any compensation related payments of the Directors, Key Managerial Personnel and other employees and recommend the same to the Board of the Company;

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

b) Board diversity laying out an optimum mix of Executive, Independent and Non-Independent Directors keeping in mind the needs of the Company.

During the year under, the Nomination and Remuneration Committee met twice on May 22, 2020 and November 6, 2020.

C. Stakeholders Relationship Committee

Stakeholders Relationship Committee got dissolved w.e.f July 18, 2020.

D. Corporate Social Responsibility (CSR) Committee

In terms of the provisions of Section 135 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Board has constituted a CSR Committee.

The CSR Committee of the Company presently comprises the following Directors as its members

Mr. Kranti Sinha - Independent Director

Mr. R Venkataraman - Non Executive Director

Mr. Monu Ratra - Executive Director & CEO

The terms of reference of the CSR Committee is governed by the provisions of section 135 of the Companies Act, 2013 read with the applicable rules and such modification or amendments as made thereto from time to time.

The terms of reference of the CSR Committee, inter alia, includes the following:

i. Consider any matters relating to the social, charitable, community and educational activities, expenditures and related publications of the Company and its subsidiary companies (the "Group") that it determines to be desirable. In addition, the CSR Committee shall examine any other matters referred to it by the Board.

ii. Maintain the Company's CSR policy framework (e.g. environment, human rights and responsible business conduct) in line with best practice and the appropriate international standards and guidelines;

iii. Receive reports and review activities from executive and specialist groups managing CSR matters across the Company's operations;

iv. Consider and propose an Annual Budget for CSR activities to the Board.

During the year under review, the CSR Committee met once on March 24, 2021.

E. Risk Management Committee

In accordance with the Policy Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010, the Board of Directors constituted Risk Management Committee comprising of Directors and senior officials of the Company. The composition of the Risk Management Committee is provided below:

1. Mr. S Sridhar, Independent Director
2. Mr. Kranti Sinha, Independent Director
3. Ms. Abhishikta Munjal, Chief Risk Officer
4. Mr. Amit Gupta, Chief Financial Officer
5. Mr. Govind Modani, Treasury Head

The terms of reference of the Risk Management Committee are in line with Guidelines prescribed by NHB which, inter alia, includes the following:

i. To identify the various types of risks involved in the business,

ii. To define the methodology to measure / quantify the risks,

iii. To control and mitigate the variety of risks involved in business,

iv. To specify the risk tolerance of the Company,

v. To ensure regulatory and statutory compliance on risk management and prudential norms,

vi. To improve the assets quality of the Company by using risk management tools,

vii. To maximise the profit of the Company,

viii. To maximise the return on equity with an acceptable level of risk, for the purpose of protecting, preserving and increasing the net worth of the Company.

During the year under review, the Committee met 4 times on June 6, 2020, July 18, 2020, October 17, 2020 and January 23, 2021.

F. Asset Liability Committee (ALCO)

In accordance with the Policy Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010, the Board of Directors constituted Asset Liability Committee (ALCO). The composition of the ALCO is provided below:

Mr. Monu Ratra- Executive Director & CEO

Mr. R. Venkataraman- Non Executive Director

Mr. Nirmal Jain- Non Executive Director

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

The terms of reference of the ALCO are in line with Guidelines prescribed by NHB which, inter alia, includes the following:

i. Liquidity risk management

ii. Management of market risks

iii. Funding and capital planning

iv. Profit planning and growth projection

v. Forecasting and analysing 'what if scenario' and preparation of contingency plans

During the year under review, the Committee met on May 23, 2020, July 18, 2020, October 17, 2020 and January 23, 2021.

G. IT Strategy Committee

In accordance with the Policy Circular No. NHB/ND/DRS/Policy Circular No. 90/2017-18, dated June 15, 2018, the Board of Directors constituted IT Strategy Committee. The composition of the Committee is provided below:

1. Mr. S. Sridhar, Independent Director & Chairman
2. Mr. Arun Kumar Purwar, Independent Director
3. Mr. Monu Ratra, Executive Director & CEO
4. Mr. Rachit Gehani, Member
5. Mr. Ragunathan Balaji, Member
6. Mr. Aditya Sisodia, Member
7. Mr. Sanjaykumar Tiwari, Member

The terms of reference of the Committee are in line with Guidelines prescribed by NHB which, inter alia, includes the following:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that managemen tuses to determine the IT resources needed to achieve strategice goals and provide high-level direction for sourcin gand use of IT resources;
5. Ensuring proper balance of IT investments for sustaining required growth and becoming aware about exposure towards IT risks and controls.

During the year under review, the Committee met on October 10, 2020 and March 22, 2021.

For and on behalf of the Board of Directors

Monu Ratra	**R. Venkataraman**
Executive Director & CEO	Director
DIN: 07406284	DIN: 00011919
Place: Gurugram	Place: Mumbai
Date: April 28, 2021	

ANNEXURE – VII TO DIRECTORS' REPORT

Management Discussion & Analysis

INDIAN ECONOMY OVERVIEW

The year 2020 was a year of resilience, adaptability and change. The COVID-19 pandemic resulted in a nationwide lockdown during the first half of the year during which all non-essential activities were closed. With the gradual opening up of the economy, a strong revival was seen which resulted in demand and supply reaching their pre-COVID-19 levels supported by increase in private and Government consumption. Even as we fight the second wave of COVID-19, the experience of economic rebound in the previous year makes us optimistic of the subsequent recovery.

According to the provisional estimates released by the National Statistical Office, India's GDP contracted by 7.3% (in real terms) in FY19, after having grown 4.0% in FY20. While agriculture and utilities recorded a growth of 3.6% and 1.9% respectively, trade, hotels, transport, communication, and services related to the broadcasting sector declined the most, by 18.2%, followed by construction, mining and manufacturing by 8.6%, 8.5% and 7.2%. Economic growth improved in the fourth quarter by 1.6% (year-on-year growth in real GDP), following the positive uplift in the third quarter by 0.5%, helped largely by rise in Government final consumption expenditure. On the supply side, however, the slowdown persisted in some sectors in the fourth quarter as well.

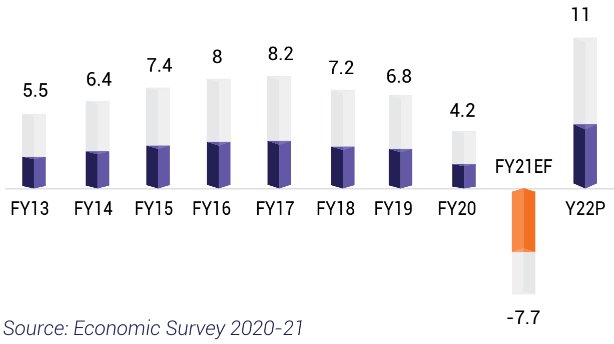
The Government of India and the Reserve Bank of India (RBI) played a vital role in keeping the overall sentiments bolstered. Implementation of various revival measures to cushion against the impact of the pandemic, stimulus packages and liquidity support to COVID-19 impacted sectors together brought in some relief. Further, the RBI's prompt decision on reducing the repo rate, allowing loan moratorium facilities and Centre's and RBI's total fiscal stimulus, implicitly helped in supporting the economy immensely. A reviving confidence in the economic activities was also clearly reflected towards the end of 2020 across sectors, with the resumption of several infrastructure projects by the Government. GST collections continued growing consecutively for the last six months ending December 2020, and remained above ₹ 1 trillion mark in February 2021. The Manufacturing Purchasing Managers' Index reached 57.5% in February 2021, exceeding the global levels.

The second COVID-19 wave again impacted the economy adversely resulting in multiple localised lockdown. Businesses with their experience of previous lockdown, were in a better position to manage operations though. The impact of the second wave has started to dilute with a few states starting to relax the lockdown impact. Vaccination has picked up and with the private sector participation for vaccination, corporates are getting their employees a faster economic recovery.

Although the second wave of COVID-19 hit the economy more than the first wave, we are confident that we will witness a recovery, similar to the one witnessed in the previous year.

Sources: Business Standard, MOSPI, Budget 2021, BCG India, Economic Survey 2020–21, CRISIL NBFC report June 2021

Indian Economic Growth Output (%)



Source: Economic Survey 2020-21

INDUSTRY OVERVIEW

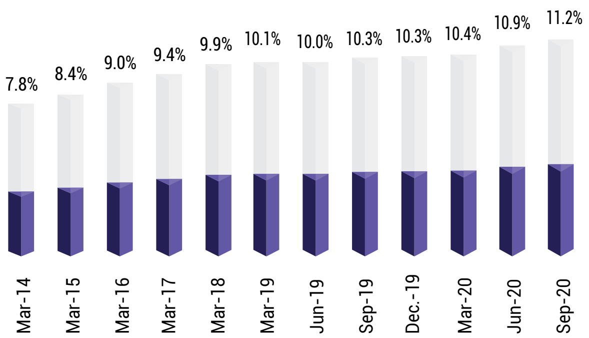
The last decade observed the housing finance industry's gradual progress, primarily in the affordable housing segment. With the traditional banks' limited presence in the small-ticket size home loans market, there was a considerable growth of specialised & focussed Housing Finance Companies (HFCs). Today, there are numerous opportunities waiting to be untapped in the underserved and unserved market segment. As of December 2020, the Indian housing finance industry's market size stood at ₹ 22 trillion, with banks accounting for ₹ 15 trillion and HFC/ NBFC contributing to ₹ 7 trillion.

Even today, the Indian housing finance sector, as compared to other peer countries' financial sector, is yet to fully tap the potential present in the segment. As of September 2020, India's mortgage-to-GDP ratio stood at 11.2%, with an even lower share in the affordable housing segment. The HFCs have a great potential waiting to be uncovered when it comes to growth in the Indian housing space. Over the last five years, the Indian home loan portfolio has grown twice its size. A number of reasons can be accredited to this, which are increase in disbursements owing to rise in demand in tier-II and III cities, rise in number of nuclear families, growing disposable incomes along with fiscal incentives such as reduction in stamp duty and interest rate cuts on home loans, among others. Furthermore, the pandemic has led people to spend an increased number of hours indoors owing to work from home, need for a more hygienic living environment and a desire to adopt a sustainable lifestyle. These, in turn, have led to an increase in additional housing demand.

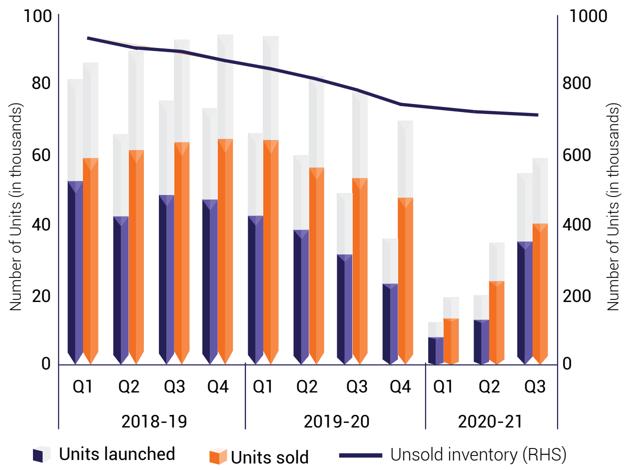
Sources: ICRA, Indian Mortgage Finance Market, March 2021

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

Housing Credit as a Proportion of Indian GDP (%)



Housing Activity in India



(Source: RBI Bulletin, April 2021)

Despite a slowdown experienced by the Indian housing finance sector, the situation has started to look promising, owing to the rollout of vaccine, revival of economic activities, along with fall in prices. Collectively, these factors are building a momentum, adding a dash of hope and confidence, leading to an increase in affordability in the real estate sector.

Sources: Ind-Ra

GOVERNMENT INITIATIVES

The Union Budget boosted the affordable housing segment, instilling a sense of confidence and an impetus to the housing demand. Thus, encouraging prospective buyers and investors.

Atmanirbhar Bharat Package 3.0

The Finance Minister announced the Atmanirbhar Bharat Package 3.0 in November 2020. This announcement resurged hope and confidence as it included some tax relief measures for the real estate developers and homebuyers for up to the value of ₹ 20 million for primary purchase and sale of residential units. The package made a provision for an additional outlay of ₹ 180 billion for the urban housing scheme, over and above the budget estimates of ₹ 80 billion for 2021.

Revival of Stalled Housing Projects

In November 2020, the Union Cabinet approved setting up of a ₹ 250 billion Alternative Investment Fund (AIF). This was done with an anticipation of revival of 1,600 stalled housing projects, covering 0.46 million units across the country.

Pradhan Mantri Awas Yojana

Under the Pradhan Mantri Awas Yojana (Urban) (PMAY-U), the Government aims to ensure 'Housing for All by 2022'. In January 2021, the Government approved construction of 0.17 million houses in the urban areas under this scheme. From a total of 22.8 million homes planned for construction in FY19-FY22, 12.7 million houses have been completed and another 6.1 million houses are under construction. Under PMAY-U, 4.3 million houses have been completed as on March 2021, including the 1 million houses constructed during the COVID-19 pandemic.

Reduction in Stamp Duty

The Ministry of Housing and Urban Affairs (MoHUA) recommended all the states to reduce their stamp duty on property transaction. This was done in a bid to push real estate activity. Some of the states with key property markets announced the reduction in stamp duty which resulted in higher property sales and registration activity. Following the guidelines, the state of Maharashtra reduced stamp duty from 5% in September 2020 to 2% in December 2020, leading to a 200% growth in the state's sales registration.

Source: IBEF, CARE Ratings, IBEF, Mint, The Hindu

GOING AHEAD

The Indian real estate sector is expected to reach USD 1 trillion by 2030, and contribute to almost 13% to the country's GDP by 2025. This projection indicates a great growth potential in the housing finance sector. With the vaccine rollout and economic revival, we are gradually coming out of the pandemic. The housing finance sector is slowly picking up with resumption of activities in the real estate sector. Home sales volumes across eight major cities in India increased by 44% in March 2021 from January 2021, exhibiting a healthy recovery post initial lockdown in March 2020. With the rising income levels and increasing financial penetration, the housing finance segment is poised to register a healthy growth. The huge demand supply gap in the affordable housing segment will be catered jointly by the SCBs and HFCs, through co-lending and securitisation. Co-lending will increase the flow of credit to the unserved and underserved sectors

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

of the economy. This will further allow channelising funds, from banks to the ultimate beneficiary at a low cost, thereby improving liquidity. The financial stimulus package and liquidity support by the Government and the RBI is expected to boost the housing finance industry and thus provide lucrative opportunities for HFCs. However, the second wave has raised the feeling of uncertainty amongst the consumers again. But overall, cautious optimism still prevails in the industry.

OPPORTUNITIES

Affordable Housing

The Indian housing industry is experiencing a considerable change owing to a shift in consumer sentiments and Government policies. As per a RICS and Knight Frank Report, over 40% of the Indian population will be living in cities, up from the present 34% by the year 2030. This is expected to create an additional need for 25 million affordable housing units. Rising urbanisation will further boost per-capita GDP and the number of nuclear families. As a result, increase in demand for urban households is also likely to go up.

Encouraging Government Schemes

The Indian housing sector, as India's fourth-largest GDP contributor, holds the potential to drive our country's development in the years to come. It is for this reason that the Government holds housing at the heart of its economic strategy. To support and promote the sector, a series of schemes and initiatives such as 'Housing for All' were launched by the Government with a mission to promote home ownership among the Indian citizens.

Sources: IBEF, Knight Frank India

Rising Investment by Younger Generation

The median age of the Indian population lies within the range of 25-45, which is also the earning age bracket. With rising incomes and digitisation, the country's young population is getting tech-savvy and ready to experiment. As a result, players in the housing finance space with digital capabilities are expected to thrive.

Millennials, especially financially independent women, prefer real estate investment over gold and fixed deposits. A consumer sentiment survey revealed that nearly 57% of its women respondents preferred real estate as their suitable investment asset class. Millennial women considered a group earlier, are now gradually becoming a significant homebuyer segment in India.

Reduced Interest Rates

Interest rates have a strong impact on the sale of housing in the country. Subsidies, tax incentives and repo rate reductions have resulted in lower effective interest rates for borrowers in the affordable housing market. This is expected to contribute towards housing's demand in FY22.

Demand from Rural and Semi Urban Sector

Rural incomes and the Government are together investing heavily towards boosting rural output. This is likely to result in strong demand of residential units from rural and semi-urban areas in the coming years.

Deepening Finance Penetration

Housing finance is expected to expand in India as the country's urbanisation and financial penetration increases. Tier II and Tier II cities are expected to drive demand, going ahead. Finance penetration in Indian cities increased from 39.2% in FY12 to an estimated 45% in FY20. With a rising number of people migrating from rural to urban areas, growing digitisation and increased financial literacy are only expected to improve housing demand in the country.

THREATS

Challenges to credit growth over next few quarters: With the economy going through a difficult time, spending on high-ticket assets such as real estate has been adversely impacted. New bookings are estimated to have declined by 10-20% in fiscal 2021 and capital values are under pressure. As employment generation and income growth face headwinds, people postponed their decisions of buying a house.

Over the past four to five years, the Government's spending on Pradhan Mantri Awas Yojana gave a fillip to affordable housing. However, in fiscal 2022, with constrained fiscal position and higher spend on healthcare, incremental spend on housing schemes by central and state governments will remain a factor.

Competition from banks: Banks give tough competition for new customers as they have details of borrowers' banking behaviour and their repayment history. Banks can approach these regular customers by offering them lower interest rates and processing fee. In doing so, banks save their operating costs and get good quality customers.

Delay in project approvals and construction: Loan cash flows are largely dependent on the timely completion of projects in which customers have bought houses. If the project gets delayed, the borrower may start defaulting on loans. Additionally, such delays also impact loan book growth.

Collateral frauds and lack of proper title: Due to collateral frauds, additional control measures need to be implemented which impact underwriting practices. Lack of proper title can be an issue, especially on the outskirts of large cities. With better availability of information and proper due diligence by technical team, this risk can be mitigated.

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

COMPANY OVERVIEW

Incorporated in 2006, IIFL Home Finance Limited (IIFL HFL) is a wholly owned subsidiary of IIFL Finance Limited (IIFL). The Company was registered with the National Housing Bank (NHB) as an HFC and started its operation in 2009. We offer small-ticket size home loans to customers with informal income segment. We also provide loans for purchase of residential property, home construction, home improvement, and plots. It also offers mortgage-backed loans for residential or commercial properties, to small and medium enterprises, for varied purposes such as working capital requirements, business use, purchase of commercial property and many others.

IIFL Finance, the parent company, guides IIFL HFL's ethical principles and ethos. We have earned a reputation for dependability, operational transparency, and unwavering honesty. Through a targeted consumer approach, a robust risk management process, and a rigorous risk remediation policy, we have retained our high-quality loan and investment portfolios over time. We can leverage on external as well as internal appraisal of properties, including valuations by international property consultants, for large mortgage loans. Our Company uses cautious risk management strategies and low-cost funds to concentrate on steady earnings growth.

BUSINESS OVERVIEW & STRATEGY

We ended FY21 with ₹ 206,936.87 million in Assets Under Management (AUM) and a balance sheet of ₹ 159,778.10 million. With continued emphasis on low ticket size loans, the home loan contribution to total AUM remained steady at 69.78%. We continued supporting the Government's mission of 'Housing for All'. Our home loan product is designed to meet the needs of the underserved and has benefited 43,000+ consumers with credit linked subsidy of over ₹ 10 billion as on March 31, 2021. We were able to securitise and assign assets worth a total of ₹ 14,887.13 million this year, based on the trust and confidence of our securitisation investors and the consistency of our portfolio.

In FY21, our primary emphasis was on offering non-metro home loans to customers in Tier 1 suburbs, Tier II and Tier III cities at affordable interest rates. We concentrated on using technology to improve our processes so as to increase efficiency, minimise turnaround time, and lower credit costs. We launched a pre-approved top-up loan to help existing customers during COVID-19 outbreak with an end-to-end loan processing turnaround time of 24 hours. Under this product, our Company booked business of more than ₹ 2.63 billion, with an average loan ticket size of ₹ 0.34 million. We also introduced special norms for customers in states such as Tamil Nadu, Punjab and Andhra Pradesh, to support the Beneficiary Led Construction (BLC) Scheme of the Ministry of Housing and Urban Affairs. We are empanelled with Rajiv Gandhi Rural Housing Corporation Ltd., the SLNA for Karnataka state for Pradhan Mantri Awas Yojana (Urban) (PMAY-U) scheme, for extending housing loans to beneficiaries of affordable housing projects across the state of Karnataka. We are also empanelled with Delhi Development Authority (DDA) and are now amongst the preferred lenders. Furthermore, we have also been exclusively empanelled by the Punjab State Urban Livelihood Mission (PSULM) for providing Finance to Beneficiary Led Construction (BLC) beneficiaries under Pradhan Mantri Awas Yojana.

STRENGTHS

Extensive Physical and Digital Presence

Our network of physical locations and channel partners, combined with digital touch points (website and mobile app), enables us to shape long-term customer relationships based on confidence and loyalty. We had 125 branches nationwide, as on March 31, 2021, to serve the mid-income affordable housing market. We have a large group network of 2,300+ touch points, in addition to our network, and online platforms to reach potential customers in Tier II & Tier III cities.

Customer Centric Approach

At the heart of our operations is a knowledgeable, sensitive, and empathetic Customer First approach. The idea is to provide every customer a seamless experience in his/her loan journey. We've supported more than 1,41,000 customers over the years through a wide variety of personalised products, continued emphasis on customer service, transparency in all of our operations and processes, and investments in developing cutting-edge technology.

Prudent Credit Policy and Process

We have a comprehensive credit assessment system in-house. Our credit policies are structured to minimise risk and formalise processes for deciding the appropriate level of risk. At IIFL HFL, we have also added smart technologies like AI and machine learning for flawless credit assessment, underwriting, and monitoring, resulting in a smooth end-to-end loan approval process. Our portfolio quality has been maintained due to a robust credit approval system, credit monitoring procedures, audit and risk management processes and policies.

Focus on Technology

We continue to invest in cutting-edge innovations to broaden our technology landscape and upgrade emerging technology solutions, resulting in increased customer satisfaction and employee productivity. From distribution to loan underwriting, customer service, collection

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

management, and financial accounting, the application platform encompasses it all. Our technological infrastructure enables our employees to work remotely, which improves their overall experience and productivity. Technology has not only aided us in enhancing customer service, but it has also assisted us in lowering operational costs and developing new market opportunities.

SEGMENT OVERVIEW

Home Loans

We offer home loans to the needs of diverse segments including customers such as salaried, self-employed, professionals and entrepreneurs. We provide financial assistance for home purchase, home renovation, home construction and plot purchase. We have a special home loan variant where the objective is to provide loan to the underserved or unserved customers having informal documentation.

Our retail loan processing is done through our proprietary tablet-based online application which automates underwriting with pre-defined business rule engines, resulting in a shorter loan approval turnaround time of 25 minutes and more consistent decision-making.

We continued to focus towards first-time buyers, women borrower/co-borrower, small-sized ticket loans and informal segment. We continue to aim at facilitating Credit Linked Subsidy Scheme under Pradhan Mantri Awas Yojana benefit to all eligible borrowers. Home Loan constituted 70% of the total disbursements in FY21 of which loans for affordable housing were 35%. The Home Loan AUM grew by 16% in FY21 from FY20.

Secured Business Loans

We provide small and medium businesses with mortgage-backed small ticket size loans, secured by residential or commercial properties. These loans are typically used for working capital, business use, and for the purchase of commercial real estate.

During the year, we focussed on loans to the SME segments for working capital requirement. COVID-19 top-up loans were given to existing customers, within their credit limits to support their businesses. During FY21, we also provided Emergency Credit Line Guarantee Scheme (ECLGS) loans, as per the Government policy, to eligible customers.

Affordable Housing Project Finance

We provide customised project loans to the developers for the construction and development of residential and mixed-use projects. For funding under this section, a strong focus is being put on identifying environmentally and socially sustainable projects with Green Certification. A project loan is an important offering to developers, and it aligns with our broader retail strategy. The projects funded under the Project Finance vertical provide an opportunity for retail home loans as well.

Financial Overview

Our Company's AUM increased by 12%, standing at ₹ 206,936.87 million in FY21 from ₹ 184,947.35 million in FY20. The AUM of Home Loan and Secured Business Loan segments grew by 16% and 10% respectively, while the real estate project segment reduced by 25%. Loan book grew by 16% from ₹ 128,139.57 million, as on March 31, 2020, to ₹ 148,549.53 million as on March 31, 2021. This growth can be mainly attributed to an increase in real estate activity from the third quarter after the rollout of the vaccine.

IIFL Home Finance posted a Profit After Tax (PAT) of ₹ 4,010.95 million in FY21, a growth of 64%, over the PAT in FY20. Operating profit (excluding allowance and write-off) grew by 73% as compared to the same period in the last year. We are well prepared for expansion, with a capital adequacy of 22.98% (Tier-I CAR of 19.61%). Our Company has made every effort to keep the core qualitative and quantitative parameters consistent. Our return ratios remained stable, with a Return on Assets (ROA) of 2.73% and a Return on Equity (ROE) of 20.30%.

For the year under review, Gross Non-Performing Asset (GNPA) Indian Accounting Standards (IND AS) stood at 1.97%, with a specific provision coverage ratio of 37.11%. The overall provision coverage ratio, including regular asset provision (Stages 1 and 2) and COVID-19 provision, stood at 138.12% of the GNPA. The provision charge for Expected Credit Loss, including additional COVID-19 provision, as a percentage of average loan book, for the year ended March 31, 2021 stood at 1.72%.

RISKS AND CONCERNS

Risk Management

Risk management is integral to the Company's business. The Company has a well-defined Risk Management Strategy and a Framework which is designed to identify, measure, monitor and mitigate various types of risk. This helps us to develop a sustainable business, creating long-tern value for our stakeholders. Our risk management strategy is governed by the Board with the assistance from our risk management committee that regulates and oversees enterprise-wise risk management.

A. Credit Risk

Credit risk refers to the risk of loss that may occur due to non-payment of EMI(s) by our customers. It is inherent and most dominant amongst the risks in the lending business. We manage credit risks via pre-defined credit norms, procedures and policies, which are approved by our Board and integrated in our digital platform which reduces the frequency of judgment-based errors.

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

Adoption of technology helps rule-based underwriting which is integrated in our digital underwriting model and ensures digital on-boarding of our customers. It reduces the frequency of judgment-based errors and human biases. Along with automated underwriting, we also use technology to verify the borrower's identity and other loan documents. This incorporation of new data sources enhances our credit decision-making capabilities. In addition to this, real-time data collection, analysis, and monitoring also enhance the overall risk management capabilities.

Advanced analytics and machine-learning software used by our portfolio management team helps to identify portfolio trends and variances at a much early stage. Our credit policies and procedures are regularly reviewed, and necessary modifications are made based on the continuous evaluation framework.

We have an independent internal audit team that conducts regular reviews on samples of credit files to ensure adherence to the policies

B. Operational Risk

Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system, technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation degradation.

In order to address and mitigate the operational risks, we have an operational risk management policy in place, which sets out processes and controls that are required to be monitored at various check-points for people, systems and processes. Controls include effective segregation of responsibilities, access, authorisation & reconciliation procedures, staff education and assessment processes, such as the use of internal audit, risk containment units to provide proactive vigilance and monitor transaction risk. Operational costs have also been reduced with digitisation of credit processes. With inputs and outputs being standardised and paperless, a great share of time and energy can be invested on value-added operations.

C. Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of capital at an appropriate cost and tenure. We may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. The Company manages liquidity risk by maintaining sufficient cash and by having access to funding through an adequate amount of credit lines.

We monitor liquidity risk through our Asset and Liability Management Committee in line with a well-defined Asset Liability Management (ALM) Framework with an organisational 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.

D. 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.

Market risk is managed by investing in accordance with our investment policy which includes implementing stringent controls and limits, regular reporting of positions, regular independent review of all controls & limits, along with testing & auditing of all pricing, risk management and accounting systems.

E. Regulatory Risk

We can have a material impact due to changes in laws and regulations by the Government or regulatory bodies including NHB and SEBI. This risk may either increase our operational costs or change the competitive environment. We mitigate this risk by making prompt changes in our systems and practices, and realigning with the changed regulatory framework regularly.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

We have a sophisticated internal control structure, proportionate to the size, scope, and complexity of our operations. Internal audits are conducted on a regular basis to review and ensure that responsibilities are duly carried out efficiently. The internal audit department monitors and assesses the effectiveness and adequacy of our Company's internal control mechanisms. It also adheres to regulatory guidelines and accounting practises and policies.

Internal audits are accompanied, if required, by audits performed by specialised consultants/audit firms. Process owners implement corrective measures in their respective areas based on the Internal Auditor's report, thus strengthening the controls.

We are also focussed on digitising our internal control system. For better monitoring of audit processes across the country, we have implemented an in-house internal control system programme.

HUMAN RESOURCES

IIFL Home Finance has always been an agile organisation and our team is our competitive advantage. We constantly leverage our digital capabilities to enhance our people and their organisational skills. This helps us remain responsive and focussed. Our all-inclusive digital environment fosters a culture of fairness, transparency and compliance,

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

resulting in sustainable and measurable organisational and human capital success.

A. Employee Engagement Initiative

We have a unique employee engagement framework 'POWER' that governs the entire human capital ecosystem at IIFL Home Finance. Our focus is on diversity hiring across leadership and customer facing roles. Our primary focus in FY21 remained on five key areas, i.e., Performance & Rewards, Optimised HR Policy & Process, Workplace Learning, Engagement & Wellness & Recruitment Trends. Our power breakthroughs for the team led us to being recognised as a 'Great Place to Work', for the second consecutive year.

Each quarter, during the 'CPlogue: HFC Townhall with the CEO,' the leadership meets our teams. They identify the top performers and innovators of the prior quarter, discuss new processes and policies introduced, and introduce the strategy for the next quarter.

To further support our employees, our AI-enabled chat bot has been integrated with our internal user inter and implemented for DSTs (feet on the street employees) to capture real-time sentiment across tenures.

B. Employee Health and Safety

Our Health and Safety Policy is an important part of how we run our Company safely. It helps us safeguard the health and safety of our employees, customers, other stakeholders and visitors. Our dedication to health and safety at work focuses on continuous improvement of occupational health and safety practises. We make conscious and concerted efforts and investments to raise awareness at workplace, fostering a community with workers committed to health and safety standards. We persuade our business partners to follow the same health and safety standards and procedures as we do. IIFL partnered with HealthifyMe, a health and wellness app, to monitor and support our employees' health and wellness goals. Besides monitoring health parameters on a regular basis, we also have other ongoing interventions for our employees such as IIFL GoFit Challenge, undertaken across India, which gives weekly health targets for our employees to meet, thus taking a step towards being healthier.

During the pandemic, we invoked Business Continuity Planning (BCP) to ensure smooth workflow and employee safety. The processes and employees were transitioned to work from home. From virtual meetings and virtual celebrations to learning new soft skills and adapting new ways of life, we rapidly adapted to the new standards. We also set up central and regional COVID-19 response teams. These teams were in charge of monitoring employee protection procedures in the offices and ensuring compliance with local Government orders.

During the pandemic, we circulated IIFL branded COVID-19 awareness booklet Karuna v/s Corona to all our employees. We also provided immunity booster supplements and launched Employee Assistance Programme (EAP) services to ensure mental support to our employees. Additionally, we undertook precautionary steps, ensured regular sanitisation at all our branches and conducted regular temperature checks of our people.

C. Training & Development

We have continually invested in our employees' learning and growth. Our learning app for employees provides a variety of business, domain, and wellness-related learning platforms. Our people are provided function-specific trainings through multimedia and Virtual Instructor Led Trainings (VILTs). We conduct Management Development Programme (MDPs) at premier B-schools for the high-fliers, ensuring that their growth in the organisation is well-supported. Across all activities, we provide classroom training for first-time managers. We also have customised Lunch Bunch sessions, for specialised teams, that concentrate on improving team bonding and team building.

D. Performance Management & Rewards

We have a completely transparent and quantifiable Performance Assessment and Review System (PARS). It helps us evaluate our employees on their previous financial year's performance, at all levels, and functions on a four-point scale i.e., Flier, Runner, Learner, and Walker.

At IIFL Home Finance, we have a well-defined Individual Performance Metrics (IPMs) at the beginning of the financial year. It guides the employees on their year's work, in line with the organisational goals. Each department and designation has its own IPMs, tailored to the position and geography being managed. IPMs for business development professionals are geared towards increasing business while departments which are into processing files are focussed on improving business consistency while ensuring file turnaround time. IPMs in support departments are focused on continuous process improvement. Furthermore, at the mid and senior levels, IPMs are defined by quality of business sourced and maintenance of a healthy business mix.

To concentrate on continuous evaluation of the team's achieved goals, we launched the LEAP Programme for the sales workforce across India. Furthermore, during our annual Rewards and Recognition (R&R) programme, we support and reward our top performers, both individually and as a team.

OUTLOOK

Post the COVID-19 induced slowdown, businesses have gradually started picking up pace with the rollout out of vaccines and economic revival. Co-lending and

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

securitisation are likely to remain the catalysts of the next fiscal. Together, these will help boost the home loan growth trajectory. With reduced interest rates and modernisation, HFCs are anticipated to grow at 10% in FY22.

Government measures such as partial credit guarantee scheme and onward lending, among others, are expected to improve liquidity for the NBFC-HFCs. This in turn, is likely to enable NBFCs, including HFCs, to manage their asset-liability profile better. We are anticipating this growth momentum to sustain. With this mindset, IIFL HFL continues to focus on affordable housing finance, leverage technologically robust infrastructure and pay special attention to prudent risk management. Despite the setback caused by the second COVID-19 wave, a favourable economic recovery is expected in the FY22.

Sources: Ind-Ra

CAUTIONARY STATEMENT

This document contains forward-looking statement and information. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risk and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. The Company does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differ from those anticipated.

For and on behalf of the Board of Directors

Monu Ratra	**R. Venkataraman**
Executive Director & CEO	Director
DIN: 07406284	DIN: 00011919
Place: Gurugram	Place: Mumbai
Date: April 28, 2021	

INDEPENDENT AUDITOR'S REPORT

To The Members of IIFL Home Finance Limited (Formerly Known As India Infoline Housing Finance Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited)** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021 and profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under sub- section (10) of section 143 of the Act ("the SAs"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the 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.

Emphasis of Matter

We draw attention to Note 7.1 to the Financial Statements on possible effects of COVID-19 pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the 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.

Key Audit Matter	How the matter was addressed in our audit
Expected Credit Loss – Impairment of carrying value of loans and advances Profit before Tax for F.Y. 20-21 was 5,099.84 million after considering an impairment of 2,304.40 million vis-à-vis Profit before Tax for F.Y. 19-20 was 3,304.40 million after considering an impairment of 471.78 million. 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).	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.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Key Audit Matter	How the matter was addressed in our audit
• Consideration of probability scenarios and forward looking macro-economic factors • 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 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 Financial Statements, complex nature of assumptions & judgements exercised by the management and loans forming a major portion of the Company's assets and impairment charge for the year being material to the net profit for the year, in our opinion this is considered as a Key Audit Matter.	
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 these 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 have carried out the following procedures to verify the effectiveness of IT controls: • 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Director's report and Management Discussion & Analysis (MD&A) report but does not include the Financial Statements and our auditor's report thereon. The Director's report and MD&A report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 Financial Statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the Other Information, if, we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash

INDEPENDENT AUDITOR'S REPORT (CONTD.)

flows of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the 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.

In preparing the Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

i. Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under the section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv. 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 Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 Financial Statements of the financial year ended 31st March 2021 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 Matter

The Financial Statements of the Company for the year ended March 31, 2020 were audited by predecessor auditor who expressed an unmodified opinion on those Financial Statements vide their report dated June 05, 2020.

Our opinion on the Financial Statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government

INDEPENDENT AUDITOR'S REPORT (CONTD.)

of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a. we 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;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, the Statement of Profit and Loss, Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended;

   e. on the basis of written representations received from the directors, as on March 31, 2021 taken on record by the Board of Directors, none of the other directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act;

   f. with respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

   g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. the Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 36(b) to the Financial Statements.

      ii. the Company 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 Company.

3. 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 remuneration paid by the Company to its directors, including sitting fees paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act;

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 21145160AAAAAH7987

Place: Mumbai
Date: April 28, 2021

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

(Referred to In Paragraph 1 Under 'Report on Other Legal and Regulatory Requirements' Section of our Report to the Members of IIFL Home Finance Limited (Formerly Known As India Infoline Housing Finance Limited) of Even Date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(b) Pursuant to the Company's program of verifying Property, Plant and Equipment over period of 3 years, the Company has physically verified by the Management during the year. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its business. We are informed that no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties classified as Property Plant and Equipment, are held in the name of the Company as at the balance sheet date.

(ii) The Company is in business of Housing Finance. Therefore, it does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to information and explanations given to us and the records examined by us, in respect of Inter Corporate Deposits, secured or unsecured, granted to four companies that are covered in the register maintained under section 189 are as under:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) According to information and explanation given to us and the records examined by us, the schedule of repayment of principal and payment of interest has been stipulated. Repayments of principal amounts and interest payments (wherever applicable) are regular.

(c) Since there is no amount outstanding at the year end, the question of overdue amount over 90 days does not arise.

(iv) In our opinion and according to information and explanation given to us and the records examined by us, the Company has complied with provision of section 185 of the Act. The Company has complied with section 186 (1) of the Act in respect of investments made. The Company being housing finance company, nothing contained in section 186, except sub-section (1), shall apply.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year, and hence reporting under clause (v) of CARO 2016 is not applicable.

(vi) According to the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under sub- section 1 of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended for the services of the Company, and, hence, reporting under paragraph 3 (vi) of the order is not applicable to the Company.

(vii) (a) 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. According to information and explanations given to us, no undisputed amount payable were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. Repayment of certain principal instalment and interest aggregating to ₹ 395.83 million and ₹ 83.24 million respectively have been paid post due date since communication/ confirmation from Banks on Moratorium was awaited. The Company has not taken loans or borrowings from Government.

(ix) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised, other than temporary deployment of borrowings aggregating to

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT (CONTD.)

₹ 6,000 million in Bank accounts/ Bank Fixed Deposit and Mutual Fund, pending utilization of funds as per respective sanction terms. Apart from money raised by way of term loan, the Company has not raised any moneys by way of initial public offer / further public offer.

(x) According to the information and explanations given to us, no material fraud by Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and on the basis of our examination of the records, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence, reporting under paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records, the Company is in compliance with Section 177 and 188 of the Act where applicable, for all transactions with the related parties.

(xiv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) In our opinion and according to information and explanation given to us, the Company is not required to be registered under section 45-IA Reserve Bank of India Act, 1934.

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 21145160AAAAAH7987

Place: Mumbai
Date: April 28, 2021

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 2(F) Under 'Report on Other Legal and Regulatory Requirements' Section of our Report to the Members of IIFL Home Finance Limited (Formerly Known as India Infoline Housing Finance Limited) of Even Date)

Report on the Internal Financial Controls with Reference to the Aforesaid Financial Statements under Clause (I) of Sub-Section (3) of Section 143 of the Companies Act, 2013 (The 'Act')

We have audited the internal financial controls with reference to financial reporting of **IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited)** (hereinafter referred to as "the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to 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 (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, 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to the audit of internal financial controls with reference to Financial Statements. 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 with reference to 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 with reference to financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Financial Statements.

Meaning of Internal Financial Controls with reference to Financial Statements.

A Company's internal financial control with reference to Financial Statements 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 with reference to Financial Statements 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 With reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements 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, the Company has, in all material respects, an adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to Financial Statements 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.

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 21145160AAAAAH7987

Place: Mumbai
Date: April 28, 2021

BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in Millions)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	4A	4,123.27	9,251.67
(b) Bank balance other than (a) above	4B	4,437.40	3,556.63
(c) Receivables	6		
(I) Trade receivables		308.23	181.63
(d) Loans	7	145,649.23	129,373.21
(e) Investments	8	1,672.20	534.09
(f) Other financial assets	9	2,337.85	1,375.78
(2) Non-Financial Assets			
(a) Current tax assets (net)		143.57	128.05
(b) Deferred tax assets (net)	10	701.71	336.60
(c) Investment Property	11A	70.05	111.83
(d) Property, plant and equipment	11B	24.84	48.72
(e) Right of use assets	12A	131.68	238.35
(f) Other intangible assets	12B	1.26	2.94
(g) Other non-financial assets	13	37.35	35.44
(h) Assets held for sale	14	139.46	-
Total Assets		**159,778.10**	**145,174.94**
LIABILITIES AND EQUITY			
(1) Financial Liabilities			
(a) Derivative financial instruments	5	292.08	150.27
(b) Payables	15		
(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		351.58	290.74
(c) Lease Liabilities	12A	149.03	253.49
(d) Debt securities	16	21,027.50	23,667.61
(e) Borrowings (other than debt securities)	17	104,708.22	95,034.18
(f) Subordinated liabilities	18	4,366.73	4,748.75
(g) Other financial liabilities	19	5,853.89	2,582.77
(2) Non-Financial Liabilities			
(a) Current tax liabilities (net)		312.59	76.14
(b) Provisions	20	125.78	160.10
(c) Other non-financial liabilities	21	1,133.61	210.75
(3) EQUITY			
(a) Equity share capital	22	209.68	209.68
(b) Other equity	23	21,247.41	17,790.46
Total liabilities and equity		**159,778.10**	**145,174.94**
See accompanying notes forming part of the financial statements	1-46		

As per our reports attached of even date.

For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner

Place: Mumbai
Date: April 28, 2021

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

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Millions)

Particulars	Note No.	FY 2020-21	FY 2019-20
Revenue from Operations			
(i) Interest income	24	17,786.63	16,370.31
(ii) Dividend Income	25	40.71	-
(iii) Fees and commission income	26	647.38	619.94
(iv) Net gain on fair value changes	27	185.01	203.52
(v) Net gain on derecognition of financial instruments under amortised cost category	28	909.93	234.86
(I) Total Revenue from Operations		**19,569.66**	**17,428.63**
(II) Other Income	29	1,107.84	601.58
(III) Total Income (I+II)		**20,677.50**	**18,030.21**
Expenses			
(i) Finance cost	30	10,532.73	10,866.45
(ii) Net loss on modification of financial instruments under amortised cost category		73.27	-
(iii) Impairment on financial instruments, including write-offs	31	2,716.87	1,294.01
(iv) Employee benefits expenses	32	1,584.43	1,696.30
(v) Depreciation, amortisation and impairment	11A-12B	81.43	88.92
(vi) Other expenses	33	588.93	780.13
(IV) Total Expenses		**15,577.66**	**14,725.81**
(V) Profit Before Exceptional Items and Tax (III-IV)		5,099.84	3,304.40
(VI) Exceptional Item		-	15.04
(VII) Profit Before Tax (V -VI)		5,099.84	3,289.36
(VIII) Tax Expenses:			
(i) Current tax	34	1,419.33	855.10
(ii) Deferred tax	10	(331.41)	(117.43)
(iii) Tax of earlier years	34	0.97	(8.63)
Total Tax Expenses		**1,088.89**	**729.04**
(IX) Profit before impact of change in the rate of Corporate tax on Opening Deferred Tax (VII-VIII)		**4,010.95**	**2,560.32**
(X) Impact of change in the rate of Corporate tax on Opening Deferred Tax	34	-	111.10
(XI) Profit for the year (IX-X)		**4,010.95**	**2,449.22**
(XII) Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit (liabilities)/ assets		15.58	(5.51)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.92)	1.39
Subtotal (A)		**11.66**	**(4.12)**
B (i) Items that will be reclassified to profit or loss			
(a) Cash Flow Hedge (net)		(47.75)	(43.58)
(b) Fair value of loans carried at FVTOCI		(7.64)	-
(ii) Income tax relating to items that will be reclassified to profit or loss		13.94	10.97
Subtotal (B)		**(41.45)**	**(32.61)**
Other Comprehensive Income (A+B)		**(29.79)**	**(36.73)**
(XIII) Total Comprehensive Income for the year (XI+XII)		**3,981.16**	**2,412.49**
(XIV) Earnings per Equity Share of face value of ₹ 10 each (for continuing operations)	35		
Basic (₹)		191.29	116.81
Diluted (₹)		191.29	116.81

See accompanying notes forming part of the financial statements 1-46

As per our reports attached of even date.
For M. P. Chitale & Co.
Chartered Accountants

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

Harnish Shah
Partner

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Place: Mumbai
Date: April 28, 2021

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

(₹ in Millions)

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
As at March 31, 2021	209.68	-	**209.68**
As at March 31, 2020	209.68	-	**209.68**

B. Other equity

(₹ in Millions)

Particulars	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Debenture Redemption Reserve	Retained Earnings	Other Comprehensive Income			Total
						Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI	
Balance as at March 31, 2019	**7,991.57**	**938.60**	**1,575.70**	**416.75**	**4,945.96**	**(13.42)**	**(98.01)**	**-**	**15,757.14**
Profit for the year	-	-	-	-	2,449.22	-	-	-	**2,449.22**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 3)	-	-	-	-	-	-	(32.61)	-	**(32.61)**
Remeasurement of defined benefit (Net of Tax) (Refer Note 4)	-	-	-	-	-	(4.12)	-	-	**(4.12)**
Equity Dividend(Refer Note 5)	-	-	-	-	(314.52)	-	-	-	**(314.52)**
Dividend Distribution Tax	-	-	-	-	(64.65)	-	-	-	**(64.65)**
Transfer to General Reserve(Refer Note 1)	-	500.00	-	(500.00)	-	-	-	-	**-**
Transfer to Special Reserve (Refer Note 2)	-	-	493.00	-	(493.00)	-	-	-	**-**
Transfer to Debenture Redemption Reserve	-	-	-	83.25	(83.25)	-	-	-	**-**
Balance as at March 31, 2020	**7,991.57**	**1,438.60**	**2,068.70**	**-**	**6,439.76**	**(17.54)**	**(130.62)**	**-**	**17,790.46**
Profit for the year	-	-	-	-	4,010.95		-	-	4,010.95
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 3)	-	-	-	-	-	-	(35.74)	-	**(35.74)**
Remeasurement of defined benefit (Net of Tax) (Refer Note 4)	-	-	-	-	-	11.66	-	-	**11.66**
Equity Dividend(Refer Note 5)	-	-	-	-	(524.20)	-	-	-	**(524.20)**
Transfer to Special Reserve (Refer Note 2)	-	-	805.00	-	(805.00)	-	-	-	**-**
Fair value of loans carried at FVTOCI	-	-	-	-	-	-	-	(5.72)	**(5.72)**
Balance as at March 31, 2021	**7,991.57**	**1,438.60**	**2,873.70**	**-**	**9,121.51**	**(5.89)**	**(166.36)**	**(5.72)**	**21,247.41**

1. The General Reserve can be distributed / utilised by the Company in accordance with the Companies Act, 2013. During the year the Company has transferred ₹ Nil/- (P.Y. ₹ 500.00 Millions) from Debenture Redemption Reserve to General Reserve on account of redemption of debenture offered through public issue.
2. As per Section 29C(1) of National Housing Bank Act 1987, the Company is required to transfer at least 20% of its Net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act,1961 is considered to be an eligible transfer.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

3. The amount refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.

4. The amount 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.

5. During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 25/- (P.Y. ₹ 15/-) per equity share.

See accompanying notes forming part of the financial statements

As per our reports attached of even date.
For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner

Place: Mumbai
Date: April 28, 2021

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

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Millions)

Particulars	Note No.	FY 2020-21	FY 2019-20
Cash Flows from Operating Activities			
Profit before tax		**5,099.84**	**3,289.36**
Adjustments for :			
Depreciation, amortisation and impairment		81.43	88.92
Impairment on financial instruments - loans		2,214.18	471.78
Interest expense		10,532.73	10,866.45
Interest on Loans		(17,783.79)	(16,370.31)
Net gain on derecognition of financial instruments		(866.01)	(176.89)
Net (gain)/loss on fair value changes		(183.56)	(172.40)
Loss on Sale of assets [net]		14.29	0.56
Interest paid		(11,067.45)	(10,131.61)
(Gain)/Loss on termination		(6.20)	(0.33)
(Gain)/Loss on Modification		73.27	-
Interest received on loans		17,954.16	16,107.84
(Gain)/ Loss on buy back of Debt Securities		(1.45)	(29.42)
Operating Profit before Working Capital changes		**6,061.44**	**3,943.95**
Changes in Working Capital:			
Adjustments for (increase)/decrease in Other Financial assets		(191.31)	(82.48)
Adjustments for (increase)/decrease in Trade Receivables		(126.60)	109.77
Adjustments for (increase)/decrease in Other Non Financial assets		(1.26)	9.60
Adjustments for (increase)/decrease in Assets held for sale		(139.46)	-
Adjustments for (increase)/decrease in Balances with banks - Lien marked		1,058.78	(1,061.34)
Adjustments for increase/(decrease) in Trade Payables		60.84	(186.70)
Adjustments for increase/(decrease) in Other financial liabilities		3,271.12	(2,760.65)
Adjustments for increase/(decrease) in Other non-financial liabilities		922.86	(287.69)
Adjustments for increase/(decrease) in Provisions		(24.65)	22.19
Operating Profit after Working Capital changes		**10,891.76**	**(293.35)**
Direct Taxes Paid		**(1,223.05)**	**(997.90)**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Millions)

Particulars	Note No.	FY 2020-21	FY 2019-20
Cash generated from/ (used in) Operations		9,668.71	(1,291.25)
Loans (disbursed) / repaid (net)		(18,645.17)	4,525.54
Net cash generated from / (used in) Operating Activities (A)		**(8,976.46)**	**3,234.29**
Cash flow from Investing Activities			
Purchase of fixed assets		(9.39)	(50.64)
Sale of fixed assets		3.98	18.57
Fixed deposits placed		(82,622.53)	(2,465.78)
Fixed deposits matured		80,681.91	1,942.93
Purchase of investments		(165,446.23)	(808,392.13)
Proceeds from sale of investments		164,491.68	808,030.44
Purchase of investment property		-	(111.83)
Proceeds from sale of investment property		24.10	-
Net Cash used in Investing Activities (B)		**(2,876.48)**	**(1,028.45)**
Cash flow from Financing Activities			
Dividend paid (including Dividend Distribution Tax)		(524.20)	(379.17)
Proceeds from Borrowings		32,980.00	27,335.44
Repayment of Borrowings		(23,157.85)	(18,319.21)
Proceeds from issue of Debt & Sub-Ordinated Debt Securities		14,620.00	36,400.00
Repayment of Debt & Sub-Ordinated Debt Securities		(17,136.06)	(45,993.23)
Payment of lease liabilities		(57.35)	(66.41)
Net Cash from/(used in) Financing Activities (C)		**6,724.54**	**(1,022.58)**
Net increase in cash and cash equivalents (A+B+C)		**(5,128.40)**	**1,183.26**
Cash and cash equivalents as at the beginning of the year		9,251.67	8,068.41
Cash and cash equivalents as at the end of the year		**4,123.27**	**9,251.67**
See accompanying notes forming part of the financial statements	1-46		

As per our reports attached of even date.
For M. P. Chitale & Co.
Chartered Accountants

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

Harnish Shah
Partner

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Place: Mumbai
Date: April 28, 2021

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

Note 1. CORPORATE INFORMATION

(a) Company overview

IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited) ("IIFL HFL"/ "the Company") (CIN No. U65993MH2006PLC166475), is a wholly owned subsidiary of IIFL Finance Limited (formerly known as IIFL Holdings Limited). IIFL HFL received a Certificate of Registration from the National Housing Bank ("NHB") in February 2009 to carry on the business of a housing finance institution. IIFL HFL offers housing finance in line with 'The Housing Finance Companies (NHB) Directions, 2010' ("NHB Directions") and RBI Master Direction - Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended from time to time. The redeemable and Non-Convertible debentures of the Company are listed on National Stock Exchange (NSE).

Note 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 ("the Act") and the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the guidelines issued by the National Housing Bank ("NHB") and Reserve Bank of India (RBI) to the extent applicable and the relevant provisions of the Act.

(b) Basis of Preparation

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

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

(c) Presentation of financial statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. 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 Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the NHB and RBI. The Company presents its Balance Sheet in the order of liquidity.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to millions except when otherwise stated.

(d) Basis of measurements

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair value.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

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 Company 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 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 observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(e) Use of estimates and judgments

The preparation of the financial statements in conformity with Indian Accounting Standards (Ind AS) requires the management to make estimates, judgements 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 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 financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

i. Evaluation of Business Model

Classification and measurement of financial instruments depends on the results of the solely payments of principal and interest on the principal amount outstanding ("SPPI") and the business model test. The Company determines the business model at a level that reflects how the Company's financial instruments are managed together to achieve a particular business objective.

The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

ii. Determination of Expected Credit Loss ("ECL")

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows based on Company's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Company's criteria for assessing if there has been a significant increase in credit risk.
- Development of ECL models, including choice of inputs / assumptions used.

iii. Effective interest rate computation

Computation of effective interest rate involves significant estimates and judgements with respect to expected loan tenure (period within which all cash flows pertaining to such financial instruments are expected to be received), nature and timings of such estimated cashflows considering the contractual terms of the financial instrument. These estimations are done considering various factors such as historical behaviour patterns of the instrument with respect to average repayment period and cash flows behaviours. Such estimates and assumptions are reviewed by the Company at each reporting date and changes, if any are given effect to.

iv. Fair Value Measurements

In case of financial assets and financial liabilities recorded or disclosed in financial statements the Company uses the quoted prices in active markets for identical assets or based on inputs which are observable either directly or indirectly for determining the fair value. However in certain cases, the Company adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Company has applied appropriate valuation techniques and inputs to the valuation model.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

v. Income Taxes

The Company's tax jurisdiction is in India. Significant judgements are involved in determining the provision for direct and indirect taxes, including amount expected to be paid/ recovered for certain tax positions.

vi. Provisions and Liabilities

Provisions and liabilities are recognised in the period when they become probable that there will be an outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires judgment to existing facts and circumstances which may be subject to change.

vii. Defined Benefit Plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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 Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

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.

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 contractual terms of the instrument.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

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

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.

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 Company'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.

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. Other Income

Other income 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 Company and the cost of the item can be measured reliably. PPE is stated at cost of acquisition

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(net of tax), if any, less accumulated depreciation and cumulative impairment losses (if any). Cost includes freight, duties, taxes and expenses incidental to acquisition and installation.

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.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the opening written down value as per Previous GAAP on the transition date of April 1, 2017.

An item of property, plant and equipment 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 property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

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.

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 of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

(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 of the asset) is included in Statement of Profit or Loss in the period in which the Investment property is derecognised.

(e) Depreciation and Amortisation

Depreciation is charged using the straight-line method, based on the useful life of fixed assets 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 fixed assets from group companies, depreciation is charged over the remaining useful life of the asset. Individual 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 as per Schedule II Companies Act	Useful life as per Company
Investment property Real Estate*	60 years / 30 years	20 years
Computers	3 years	3 years
Office equipment	5 years	5 years
Electrical Equipment*	10 years	5 years
Furniture and fixtures*	10 years	5 years
Vehicles*	8 years	5 years

* For these 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. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Intangible assets i.e. Software are amortised on straight-line basis over the estimated useful life of 3 years.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Depreciation and amortisation on impaired asset is provided on the revised carrying amount of the asset over its remaining useful life.

(f) 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.

The Company repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets physically acquired by the Company under SARFASI Act, 2002 and sale is highly probable has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Company is committed to sell these assets. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(g) Impairment of Assets other than financials assets

As at the end of each accounting year, the Company 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.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

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 subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount 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.

(h) Employee benefits

i. Defined contribution plans

The Company's contribution towards Provident Fund, Family Pension Fund and ESIC 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.

ii. 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.

Postemployment 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

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

expense at the earlier of the plan amendment or curtailment and when the Company 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 Company and is recognised in a similar manner as in the case of defined benefit plan above.

(i) Leases

The Company 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 Company considers whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

As a lessee

The Company 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 Company's incremental borrowing rate. Generally, the Company 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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company 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 Company 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 Company 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.

(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 Company'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 assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit or 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

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Purchase and sale of financial assets are recognised on the trade date, which is the date on which the Company 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 Statement of Profit and Loss.

Financial assets

Classification and Subsequent measurement

The Company 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, specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost.

Financial Assets 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 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

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

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 Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company'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 or 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 or Loss.

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

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.

All equity investments in scope of Ind AS 109 are measured at fair value are classified as at FVTPL. The Company may make an irrevocable election to present certain equity investments measured at fair value through other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Company may transfer the cumulative gain or loss within equity.

Reclassifications

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

Impairment of financial assets

Company 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.

ECL is required to be 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 Company has established a policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown an increase in credit risk since origination, the Company records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans shows significant increase in credit risk and/or are considered credit-impaired, the Company records an allowance for the life time expected credit losses.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. This expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Key elements of ECL computation are outlined below:

- Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.
- Probability of default ("PD") is an estimate of

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

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. PD is calculated based on historical default rate summary of past years using historical analysis.

- Loss given default ("LGD") estimates the normalised loss which Company incurs post customer default. It is computed using historical loss and recovery experience. It is usually expressed as a percentage of the Exposure at default ("EAD").

Significant increase in credit risk

The Company 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. If there has been a significant increase in credit risk the Company measures the loss allowance based on lifetime rather than 12-month ECL. The Company'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 Company 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 Company 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 Company's expert credit assessment.

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 is based on both qualitative and quantitative indicators such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

Modification and de-recognition 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 Company 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 Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company 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 Company 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 Company 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 Company's ability to collect the modified cash flows taking into account the Company'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 Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company 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 Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Assignment transactions

Transfer of loans through assignment transaction can be made only after continuing involvement in loans i.e retaining a minimum specific percentage of loan but without retaining any substantial risk and reward in the loan assigned. The assigned portion of loans is derecognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contracts. Gain/loss arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding loan is derecognised from the Balance Sheet immediately. Further, if the transfer of loan qualifies for derecognition, entire interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as interest strip receivable (interest strip on assignment) and correspondingly presented as gain/loss on derecognition of financial asset.

Securitisation transactions

In case of securitisation transactions, the Company retains substantially all the risks and rewards of ownership of a portion of the transferred loan assets. The Company continues to recognise the entire loan and also recognises a collateralised borrowing for the proceeds received.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company 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 Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Financial liabilities and equity Instruments

Debt and equity instruments that are issued by the Company 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 Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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 Company derecognises financial liabilities when, and only when, the Company'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.

(l) Derivative financial instrument

Derivative financial instruments

The Company 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 profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Company 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 Company 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.

(m) Investments in Subsidiaries, Joint Ventures and Associates

Investments in Subsidiaries and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

(n) Cash and cash equivalents

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. 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.

(o) 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.

(p) Borrowing costs

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost.

(q) Foreign currencies

In preparing the 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.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decision.

(s) 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

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

- 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. 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 Company 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 not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

(t) 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.

(u) 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.

(v) 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.

(w) Dividend

Final dividend on equity shares are recorded as a liability on the date of the approval by the shareholders and interim dividend are recorded as liability on the date of declaration by the Company's Board of Directors.

(x) 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 4A. CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Cash on hand	5.54	0.65
Balance with banks		
-In current accounts	3,117.66	8,870.80
Fixed deposits (original maturity less than or equal to three months)	1,000.07	380.22
Cash and cash equivalents	**4,123.27**	**9,251.67**

NOTE 4B. BANK BALANCE (OTHER THAN CASH AND CASH EQUIVALENTS)

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Other bank balances		
In earmarked accounts		
- Unclaimed interest and redemption proceeds of NCDs	14.58	1,073.35
Fixed deposits (original maturity less than or equal to three months) - lien marked	2,276.88	-
Fixed deposits (original maturity more than three months)	2,145.94	2,483.28
Total	**4,437.40**	**3,556.63**

Out of the Fixed Deposits shown above

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Lien marked	2,476.34	190.89
Margin for credit enhancement	1,909.03	1,884.67
Total	**4,385.37**	**2,075.56**

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Millions)

Part I	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair value - assets	Fair value - liabilities	Notional amounts	Fair value - assets	Fair value - liabilities
(i) Currency derivatives:						
-Cross currency interest rate swaps	3,630.75	-	292.08	3,630.75	-	150.27
Subtotal (i)	**3,630.75**	**-**	**292.08**	**3,630.75**	**-**	**150.27**
(ii) Other derivatives						
-Forward exchange contract	-	-	-	-	-	-
Subtotal (ii)	**-**	**-**	**-**	**-**	**-**	**-**
Total derivative (i+ii)	**3,630.75**	**-**	**292.08**	**3,630.75**	**-**	**150.27**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Part II	As at March 31, 2021			As at March 31, 2020		
	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) Cash flow hedging:						
- Currency derivatives	3,630.75	-	292.08	3,630.75	-	150.27
(ii) Undesignated derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Total derivative financial instruments (i+ii)	**3,630.75**	**-**	**292.08**	**3,630.75**	**-**	**150.27**

Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate and currency risk. Refer Note 5.1.

(₹ in Millions)

	Total		Exchange traded		Over the counter	
Particulars	**Notional**	**Fair Value**	**Notional**	**Fair Value**	**Notional**	**Fair value**
As at March 31, 2021						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	**3,630.75**	**292.08**	-	-	3,630.75	292.08
As at March 31, 2020						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	**3,630.75**	**150.27**	-	-	3,630.75	150.27

5.1 Hedging activities and derivatives

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

5.1.1 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 Company is exposed to interest rate risk arising from its foreign currency borrowings amounting to USD 50 Millions (March 31, 2020 USD 50 Millions) Interest on the borrowing is payable at a floating rate linked to USD LIBOR. The Company hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

The Company 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 arising from foreign currency loans / external commercial borrowings. The Company designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS. These contracts are stated at fair value at each reporting date.

The company uses Critical Terms Matching to determine Hedge effectiveness. If the hedge is ineffective, then the movement in the Fair Value is charged to the Profit and Loss Account. If the hedge is effective, the movement in the Fair Value of the underlying and the derivative instrument is transferred to "Other Comprehensive Income"" in Statement Of Changes In Equity.

There is an economic relationship between the hedged item and the hedging instrument as the critical 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 Company 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Notional amount	3,630.75	3,630.75
Carrying amount	292.08	150.27
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	(35.73)	(32.61)

(₹ in Millions)

Impact of hedging item	FY 2020-21	FY 2019-20
Change in fair value	(35.73)	(32.61)
Cash flow hedge reserve	(35.73)	(32.61)
Cost of hedging	-	-

(₹ in Millions)

Effect of Cash flow hedge	FY 2020-21	FY 2019-20
Total hedging gain / (loss) recognised in OCI	(35.73)	(32.61)
Line item in the statement of profit or loss	-	-

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
(Gain)/Loss On Swap Transaction	(141.81)	271.05
(Gain)/Loss On Mark To Market On Fluctuation Of Foreign Exchange	94.06	(314.63)
Tax implication on above	12.02	10.97
Total	**(35.73)**	**(32.61)**

NOTE 6. RECEIVABLES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Trade Receivables		
Receivables considered good - unsecured	308.23	181.63
Total - gross	**308.23**	**181.63**
Less: Impairment loss allowance	-	-
Total	**308.23**	**181.63**

No trade receivables are due from Directors or any other officers of the Company either severally or jointly with any other person nor any trade receivables are due from firms or private companies respectively in which any Director is a Partner, Director or a Member.

Trade Receivables are not interest bearing.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 7. LOANS

(₹ in Millions)

Particulars	As at March 31, 2021		
	Amortised cost	FVTOCI	Total
	1	2	(3=1+2)
Loans			
(A)			
(i) Term loans	126,720.45	23,523.44	150,243.89
Total (A) - Gross	**126,720.45**	**23,523.44**	**150,243.89**
Less: Impairment loss allowance	(4,338.14)	(256.52)	(4,594.66)
Total (A) - Net	**122,382.31**	**23,266.92**	**145,649.23**
(B)			
(i) Secured by tangible assets	124,813.75	23,488.53	148,302.28
(ii) Secured by Government Guarantee	1,881.62	34.91	1,916.53
(iii) Unsecured	25.08	-	25.08
Total (B) - Gross	**126,720.45**	**23,523.44**	**150,243.89**
Less: Impairment loss allowance	(4,338.14)	(256.52)	(4,594.66)
Total (B) - Net	**122,382.31**	**23,266.92**	**145,649.23**
(C)			
Loans in India	**126,720.45**	**23,523.44**	**150,243.89**
(i) Public sector	-	-	-
(ii) Others	126,720.45	23,523.44	150,243.89
Less: Impairment loss allowance	(4,338.14)	(256.52)	(4,594.66)
Total (C) - Net	**122,382.31**	**23,266.92**	**145,649.23**

(₹ in Millions)

Particulars	As at March 31, 2020		
	Amortised cost	FVTOCI	Total
	1	2	(3=1+2)
Loans			
(A)			
(i) Term loans	99,901.19	30,000.00	129,901.19
(ii) Inter-corporate deposits	1,535.10	-	1,535.10
Total (A) - Gross	**101,436.29**	**30,000.00**	**131,436.29**
Less: Impairment loss allowance	(1,925.64)	(137.44)	(2,063.08)
Total (A) - Net	**99,510.65**	**29,862.56**	**129,373.21**
(B)			
(i) Secured by tangible assets	99,901.19	30,000.00	129,901.19
(ii) Secured by Government Guarantee	-	-	-
(iii) Unsecured	1,535.10	-	1,535.10
Total (B) - Gross	**101,436.29**	**30,000.00**	**131,436.29**
Less: Impairment loss allowance	(1,925.64)	(137.44)	(2,063.09)
Total (B) - Net	**99,510.65**	**29,862.56**	**129,373.21**
(C)			
(I) Loans in India	**101,436.29**	**30,000.00**	**131,436.29**
(i) Public sector	-	-	-
(ii) Others	101,436.29	30,000.00	131,436.29
Less: Impairment loss allowance	(1,925.64)	(137.44)	(2,063.09)
Total (C) - Net	**99,510.65**	**29,862.56**	**129,373.21**

The above Term Loans includes ₹ 1,924.04 Millions (as at March 31, 2020, ₹ 1,761.62 Millions) towards interest accrued, unamortised processing fee, gain/loss on modification of financial assets, gain/loss on FVTOCI.

a. Secured loans given to customers are secured by equitable mortgage of property. 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

b. Secured loans include loans aggregating in ₹ 13.22 Millions (as at March 31, 2020, ₹ 32.73 Millions) in respect of which the creation of security is under process.

Note 7.1

The Covid-19 pandemic has impacted most economies and banking systems globally, including India. The nation-wide lockdown in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. These developments resulted in regulatory measures like moratorium on payment of dues and standstill in asset classification to mitigate the economic consequences on borrower etc. It also resulted in increase in provisioning reflecting higher actual and expected additions to non-performing loans following the cessation of moratorium and asset classification standstill . The current second wave of Covid-19 pandemic, where the number of new cases has increased significantly in India, has resulted in re-imposition of localised/ regional lockdown measures in various parts of the country. The impact of the second wave on the Company's results remains uncertain and dependent on future developments, which are often outside of the Company's control and accordingly, actuals may differ from the estimates used in the preparation of the financial statements on the reporting date.

The impact, including credit quality and provision, of the Covid-19 pandemic, on company, is uncertain and will depend on the spread of Covid-19, the effectiveness of current and future steps taken by the governments and central bank to mitigate the economic impact, steps taken by the company and the time it takes for economic activities to return to pre-pandemic levels. The Companies capital and liquidity position is strong.

The Supreme Court, in a writ petition, through its interim order dated September 3, 2020 had directed that accounts which were not declared as NPA till August 31, 2020 shall not be declared as NPA till further orders. Pursuant to the Supreme Court's final order in Q4-2021 and the related RBI notification issued on April 7, 2021, the Company has classified these borrower accounts as per the extant IRAC Norms and the resultant provision have been suitably alligned.

NOTE 8. INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2021			
	FVTPL	At Amortised Cost	At Cost	Total
(A)				
Debt securities	-	125.97	-	125.97
Equity instruments	-	-	1,546.23	1,546.23
Total – Gross (A)	**-**	**125.97**	**1,546.23**	**1,672.20**
(B)				
(i) Investments in India	-	125.97	1,546.23	1,672.20
Total (B)	**-**	**125.97**	**1,546.23**	**1,672.20**
(C)				
Less: Impairment loss allowance	-	-	-	-
Total- Net (A-C)	**-**	**125.97**	**1,546.23**	**1,672.20**

(₹ in Millions)

Particulars	As at March 31, 2020		
	FVTPL	At Amortised Cost	Total
(A)			
Debt securities	-	155.57	155.57
Equity instruments	378.52	-	378.52
Total – Gross (A)	**378.52**	**155.57**	**534.09**
(B)			
(i) Investments in India	378.52	155.57	534.09
Total (B)	**378.52**	**155.57**	**534.09**
(C)			
Less: Impairment loss allowance	-	-	-
Total- Net (A-C)	**378.52**	**155.57**	**534.09**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Note 8.1 Investment details script wise

Particulars	As at March 31, 2021	
	Quantity (in actuals)	Carrying Value (₹ in Millions)
Debt instruments		
Elite Mortgage HL Trust June 2019 Series A PTC	5	125.97
Equity instruments in Assosciate		
Samasta Microfinance Limited	80,203,334	1,546.23

Particulars	As at March 31, 2020	
	Quantity (in actuals)	Carrying Value (₹ in Millions)
Debt instruments		
Elite Mortgage HL Trust June 2019 Series A PTC	5	155.57
Equity instruments		
SBI Cards and Payment Services Limited	611,849	378.52

NOTE 9. OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposit		
- Unsecured, considered good	15.46	20.58
- Unsecured, considered doubtful	8.46	8.09
Less: Provisions (Refer Note 9.1 below)	(8.46)	(8.09)
Interest strip asset on assignment	1,984.91	1,214.15
Other receivables	337.48	141.05
Total	**2,337.85**	**1,375.78**

Note 9.1 Provisions on Security Deposits:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening provision	8.09	8.29
Additions	0.37	0.63
Reductions	-	(0.83)
Closing provision	**8.46**	**8.09**

NOTES FORMING PART OF FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 10. DEFERRED TAX ASSETS (NET)

Significant components of deferred tax assets and liabilities as at March 31, 2021 are as follows:

(₹ in Millions)

Particulars	Opening balance	Recognised in Statement of Profit and Loss	Recognised in/ reclassified from OCI	Closing balance
Deferred tax assets:				
Property, plant and equipment	3.85	2.99	-	6.84
Provisions for expected credit losses	436.66	579.98	-	1,016.64
Provision for employee benefits	23.43	(6.95)	(3.92)	12.55
Fair value of derivative financial instruments	37.81	-	35.69	73.50
Ind AS 116	3.81	0.68	-	4.49
Fair value of financial instruments	21.00	(21.00)	1.92	1.92
Adjustment pertaining to income and expenses recognition based on effective interest rate	115.63	46.31	-	161.94
Total deferred tax assets (A)	**642.18**	**602.01**	**33.69**	**1,277.88**
Deferred tax liabilities:				
Provision for 36(1)(viia)	-	(76.60)	-	(76.60)
Interest spread on assigned loans	(305.58)	(193.99)	-	(499.57)
Total deferred tax liabilities (B)	**(305.58)**	**(270.59)**	**-**	**(576.17)**
Deferred tax assets (A+B)	**336.60**	**331.42**	**33.69**	**701.71**

Significant components of deferred tax assets and liabilities as at March 31, 2020 are as follows:

(₹ in Millions)

Particulars	Opening balance	Transfer In {Refer note (a) below}	Effect of Rate Change	Recognised in Statement of Profit and Loss	Recognised in/ reclassified from OCI	Closing balance
Deferred tax assets:						
Property, plant and equipment	2.55	-	(0.71)	2.01	-	3.85
Provisions for expected credit losses	372.36	69.06	(123.50)	118.74	-	436.66
Provision for employee benefits	16.91	-	(4.73)	9.86	1.39	23.43
Fair value of derivative financial instruments	147.23	-	(41.19)	-	(68.23)	37.81
Ind AS 116	-	-	-	3.81	-	3.81
Fair value of financial instruments	-	-	-	21.00	-	21.00
Adjustment pertaining to income and expenses recognition based on effective interest rate	167.57	-	(39.77)	(12.18)	-	115.63
Total deferred tax assets (A)	**706.62**	**69.06**	**(209.90)**	**143.24**	**(66.84)**	**642.18**
Deferred tax liabilities:						
Provision for 36(1)(viia)	(16.11)	-	4.51	11.60	-	-
Interest spread on assigned loans	(370.43)	7.97	94.29	(37.41)	-	(305.58)
Total deferred tax liabilities (B)	**(386.54)**	**7.97**	**98.80**	**(25.81)**	**-**	**(305.58)**
Deferred tax assets (A+B)	**320.08**	**77.03**	**(111.10)**	**117.43**	**(66.84)**	**336.60**

a. Transfer in during the previous year refers to the impact of deferred taxes on the purchase of mortgage loan portfolio from India Infoline Finance Limited (then holding Company of the Company) w. e. f. June 30, 2019. India Infoline Finance Limited merged into the ultimate holding Company IIFL Finance Limited (Formerly known as IIFL Holdings Limited) w.e.f. March 30, 2020.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 11A. INVESTMENT PROPERTY

(₹ in Millions)

Particulars	Buildings
As at March 31, 2019	**-**
Additions	111.83
Deductions/Adjustments	-
As at March 31, 2020	**111.83**
Additions	-
Deductions/Adjustments	36.99
As at March 31, 2021	**74.84**
Accumulated Depreciation	
As at March 31, 2019	**-**
Depreciation for the year	-
Deductions/Adjustments	-
As at March 31, 2020	-
Depreciation for the year	4.79
Deductions/Adjustments	-
As at March 31, 2021	**4.79**
Net Block as at March 31, 2020	**111.83**
Net Block As at March 31, 2021	**70.05**

NOTE 11B. PROPERTY, PLANT AND EQUIPMENT

(₹ in Millions)

Particulars	Freehold Land*	Furniture & Fixture	Office Equipment	Electrical Equipment	Computers	Total
As at March 31, 2019	**0.86**	**13.66**	**6.71**	**7.08**	**46.21**	**74.52**
Additions	-	5.96	2.56	2.23	38.36	**49.11**
Deductions/Adjustments	-	2.62	1.17	0.83	29.85	**34.47**
As at March 31, 2020	**0.86**	**17.00**	**8.10**	**8.48**	**54.72**	**89.16**
Additions	-	2.39	0.51	0.53	10.68	**14.11**
Deductions/Adjustments	-	7.08	0.56	2.62	13.21	**23.47**
As at March 31, 2021	**0.86**	**12.31**	**8.05**	**6.39**	**52.19**	**79.80**
Accumulated Depreciation						
As at March 31, 2019	**-**	**5.92**	**2.87**	**3.34**	**16.02**	**28.15**
Depreciation for the year	-	3.31	1.67	1.60	21.05	**27.63**
Deductions/Adjustments	-	1.51	0.68	0.55	12.60	**15.34**
As at March 31, 2020	**-**	**7.72**	**3.86**	**4.39**	**24.47**	**40.44**
Depreciation for the year	-	2.50	1.44	1.40	21.10	**26.44**
Deductions/Adjustments	-	2.68	0.30	1.82	7.12	**11.92**
As at March 31, 2021	**-**	**7.54**	**5.00**	**3.97**	**38.45**	**54.96**
Net Block as at March 31, 2020	**0.86**	**9.28**	**4.24**	**4.09**	**30.25**	**48.72**
Net Block As at March 31, 2021	**0.86**	**4.77**	**3.05**	**2.42**	**13.74**	**24.84**

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

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 12A. LEASES

Statement showing movement in lease liabilities

(₹ in Millions)

Particulars	Premises	Vehicle	Total
As at April 01, 2019	**237.50**	**21.41**	**258.91**
Additions	46.09	2.20	**48.29**
Deductions/Adjustments	8.28	1.47	**9.75**
Finance cost accrued during the period	20.86	1.59	**22.45**
Payment of lease liabilities	56.78	9.63	**66.41**
As at March 31, 2020	**239.39**	**14.10**	**253.49**
Additions	4.81	0.99	**5.80**
Deductions/Adjustments	67.62	2.70	**70.32**
Finance cost accrued during the period	16.60	0.81	**17.41**
Payment of lease liabilities	48.64	8.71	**57.35**
As at March 31, 2021	**144.54**	**4.49**	**149.03**

Statement showing carrying value of right of use assets

(₹ in Millions)

Particulars	Premises	Vehicle	Total
As at April 01, 2019	**237.50**	**21.41**	**258.91**
Additions	46.09	2.20	**48.29**
Deductions/Adjustments	7.94	1.48	**9.42**
Depreciation	50.54	8.89	**59.43**
As at March 31, 2020	**225.11**	**13.24**	**238.35**
Additions	4.81	0.98	**5.79**
Deductions/Adjustments	61.61	2.51	**64.12**
Depreciation	40.60	7.74	**48.34**
As at March 31, 2021	**127.70**	**3.97**	**131.68**

Statement showing break up value of the Current and Non - Current Lease Liabilities

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	25.40	49.69
Non- Current lease liabilities	123.63	203.80

Statement showing contractual maturities of lease liabilities on an undiscounted basis

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Due for		
Up to One year	36.76	69.10
One year to Two years	33.01	61.44
Two to Five years	76.86	125.37
More than Five years	44.94	64.55
Total	**191.57**	**320.46**

Statement showing amount recognised in Statement of Profit and Loss:

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Interest on lease liabilities	17.42	22.45
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	1.82	2.37
Total	**19.24**	**24.82**

Statement showing amount recognised in Statement of Cash Flows:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total cash outflow for leases	57.35	66.41

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 12B. OTHER INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)

(₹ in Millions)

Particulars	Computer Software
As at March 31, 2019	**8.32**
Additions	1.51
Deductions/Adjustments	-
As at March 31, 2020	**9.83**
Additions	0.16
Deductions/Adjustments	-
As at March 31, 2021	**9.99**
Accumulated Depreciation	
As at March 31, 2019	**5.03**
Depreciation For the year	1.86
Deductions/Adjustments	-
As at March 31, 2020	**6.89**
Depreciation For the year	1.84
Deductions/Adjustments	
As at March 31, 2021	**8.73**
Net Block as at March 31, 2020	**2.94**
Net Block as at March 31, 2021	**1.26**

NOTE 13. OTHER NON-FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advance	1.82	0.53
Prepaid Expenses	27.19	31.13
Others	2.44	3.78
Gratuity Advance	5.90	-
Total	**37.35**	**35.44**

NOTE 14. ASSETS HELD FOR SALE

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Assets held for sale	139.46	-

NOTE 15. TRADE PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (Refer note 15A)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	351.58	290.74
Total	**351.58**	**290.74**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Note 15A. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

The Company had requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 and is in the continuous process of obtaining such confirmation from its suppliers. The disclosure relating to unpaid amount as at the year-end together with interest paid/payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the company regarding the status of suppliers under MSMED Act, 2006.

(₹ in Millions)

Particulars	FY 2020-2021	FY 2019-2020
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(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	-	-
(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	-	-

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

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

NOTE 16. DEBT SECURITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2021	As at March 31, 2020
Secured:		
Non-convertible debentures - (Refer Note (a), (b) and 16.1)	21,027.50	23,667.61
Total (A)	**21,027.50**	**23,667.61**
Debt securities in India	21,027.50	23,667.61
Debt securities outside India	-	-
Total (A+B)	**21,027.50**	**23,667.61**

a The above Non Convertible Debentures are secured by way of charge on current assets, book debts, receivables (both present and future), identified immovable property and other assets of the Company.

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 ₹ 843.75 Millions (May 15, 2021 and every six months thereafter), ₹ 150.00 Millions (from December 20, 2023) and ₹ 150.00 Millions (from March 20, 2024) {as at March 31, 2020 ₹ 1,406.25 Millions (May 15, 2020 and every six months thereafter), ₹ 150.00 Millions (from December 20, 2023) and ₹ 150.00 Millions (from March 20, 2024)}.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Note 16.1 - Terms of repayment

(₹ in Millions)

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Secured NCD (A)				
(a) Fixed:				
More than 5 years	5,985.99	8.69% - 9.18%	3,300.00	9.18% - 10.33%
3- 5 Years	300.00	10.03% - 10.33%	-	-
1-3 Years	-	-	550.00	8.90% - 9.38%
Less than 1 year	2,067.06	8.00% - 9.38%	1,251.57	8.65% - 9.87%
Sub-Total (a)	**8,353.05**		**5,101.57**	
(b) Floating:				
More than 5 years	-	-	-	-
3- 5 Years	-	-	-	-
1-3 Years	281.25	8.56%	2,843.75	8.56% - 9.85%
Less than 1 year	2,731.56	8.56% - 9.40%	755.77	8.56%
Sub-Total (b)	**3,012.81**		**3,599.52**	
Total Secured NCD (a+b)	**11,365.86**		**8,701.09**	
Secured Zero Coupon (B)				
More than 5 years	370.00	8.60% - 8.62%	-	-
3- 5 Years	856.60	9.12% - 10.30%	761.38	9.12% - 10.30%
1-3 Years	1,367.56	9.35% - 9.55%	7,730.65	8.20% - 10.20%
Less than 1 year	7,067.48	8.20% - 10.20%	6,474.49	8.10% - 9.40%
Total Secured Zero Coupon	**9,661.64**		**14,966.52**	
Total (A+B)	**21,027.50**		**23,667.61**	

Note 16.2 - Security wise details

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C5. Date Of Maturity 06/04/2020	9.20%	-	350.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option Ii. Date Of Maturity 07/04/2020	8.85%	-	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A13. Date Of Maturity 20/04/2020	9.40%	-	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option I. Date Of Maturity 12/05/2020	8.85%	-	640.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B4. Date Of Maturity 12/05/2020	8.64%	-	180.00
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B5. Date Of Maturity 17/08/2020	8.10%	-	1,150.00
8.65% Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option A. Date Of Maturity 05/10/2020	8.65%	-	625.00
9.87% Secured Rated Listed Redeemable Non Convertible Debentures. Series C10. Date Of Maturity 20/11/2020	9.87%	-	500.00

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B8 Option B. Date Of Maturity 06/04/2021	8.20%	270.60	270.60
Zero Coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option B. Date Of Maturity 30/04/2021	8.70%	532.56	532.56
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 1. Date Of Maturity 19/05/2021	9.25%	500.00	500.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option B. Date Of Maturity 25/05/2021	8.80%	260.00	260.00
IDFC MCLR Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series B11. Date Of Maturity 28/06/2021	9.85%	2,000.00	2,000.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 2. Date Of Maturity 15/07/2021	9.35%	240.00	240.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 1. Date Of Maturity 26/07/2021	9.35%	2,350.59	2,350.59
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 2. Date Of Maturity 05/08/2021	9.25%	250.00	250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C4. Date Of Maturity 11/08/2021	9.35%	967.80	987.80
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C9. Date Of Maturity 26/10/2021	10.20%	100.00	100.00
8.90% Secured Redeemable Non-Convertible Debentures. Series B2 Option I. Date Of Maturity 03/11/2021	8.90%	50.00	50.00
9.38% Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 3. Date Of Maturity 24/01/2022	9.38%	500.00	500.00
8% Secured Redeemable Non Convertible Debentures. Series series D1. Maturity Date: 18/02/2022	8.00%	1,250.00	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity 04/04/2022	9.45%	240.00	240.00
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity 21/04/2022	9.35%	334.00	334.00
Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity 13/05/2022	8.56%	843.75	1,406.25
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity 29/09/2022	9.55%	580.00	580.00
G- Sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date Of Maturity 25/04/2024	9.12%	501.89	501.89
G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date Of Maturity 27/06/2024	10.30%	200.00	200.00
10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Maturity Date - 19/12/2025	10.33%	150.00	150.00
10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Maturity Date : 20/03/2026	10.05%	150.00	150.00
8.60% Secured Redeemable Non Convertible Debentures. Series. Seris D3. Maturity Date: 11/02/2028	8.60%	180.00	-

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
8.62% Secured Redeemable Non Convertible Debentures. Series. Series D4. Maturity Date: 12/03/2028	8.62%	190.00	-
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - 03/10/2029	9.18%	3,000.00	3,000.00
8.69% Secured Redeemable Non Convertible Debentures. Series. Series D2. Maturity Date: 12/11/2030.	8.69%	3,000.00	-
Total		**18,641.19**	**20,658.69**

Note: Statement showing contractual principal outstanding of Secured Non Convertible Debentures.

NOTE 17. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2021	As at March 31, 2020
Secured:		
(a) Term loans		
(i) from Banks (Refer Note (a), (b) and 17.1)	61,986.61	68,370.88
(ii) from NHB (Refer Note (a), (b) and 17.2)	27,455.97	19,485.06
(iii) from Financial Institution (Refer Note (b) and 17.3)	8,872.60	-
(b) Securitisation Liability (Refer Note 17.4)	5,453.04	6,698.24
(c) Cash credit / Overdraft from Banks (Refer Note (a), (b) and 17.4)	940.00	480.00
Total	**104,708.22**	**95,034.18**
Borrowings in India	101,057.33	91,298.92
Borrowings outside India	3,650.89	3,735.26
Total	**104,708.22**	**95,034.18**

a. Out of the total borrowing from Banks, borrowings amounting to ₹ 1,937.91 Millions (March 31, 2020 ₹ 5,039.31 Millions) and Refinance Facility from NHB amounting to ₹ 10,317.52 Millions (March 31, 2020 ₹ 12,485.06 Millions) are also guaranteed by Holding Company i.e. IIFL Finance Limited (Formerly known as IIFL Holdings Limited).

b. The term loans from banks, Financial Institution and NHB and cash credits from banks are secured by way of 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.

Note 17.1 - Terms of repayment of Term Loans from Banks

(₹ in Millions)

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Floating:				
More than 5 years	5,702.69	7.80% - 9.50%	3,593.03	9.10% - 9.50%
3- 5 Years	7,116.04	7.60% - 10.00%	12,787.11	8.40% - 10.05%
1-3 Years	29,645.77	7.50% - 10.00%	31,639.13	8.20% - 10.05%
Less than 1 year	19,522.12	7.20% - 10.00%	20,351.61	8.00% - 10.05%
Total	**61,986.62**		**68,370.88**	

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Note 17.2 - Terms of repayment of term loans from NHB

(₹ in Millions)

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Fixed:				
More than 5 years	6,550.83	3.00% - 8.95%	6,425.64	4.86% - 8.95%
3- 5 Years	6,149.08	3.00% - 8.95%	5,302.38	4.61% - 8.95%
1-3 Years	7,366.22	3.00% - 8.95%	5,618.60	4.61% - 8.95%
Less than 1 year	7,389.84	3.00% - 8.95%	2,138.44	4.61% - 8.95%
Total	**27,455.97**		**19,485.06**	

Note 17.3 - Terms of repayment of term loans from Financial Institution

(₹ in Millions)

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Floating:				
More than 5 years	4,798.08	8.50% - 9.25%	-	-
3- 5 Years	1,727.40	8.50% - 9.25%	-	-
1-3 Years	1,604.98	8.50% - 9.25%	-	-
Less than 1 year	742.14	8.50% - 9.25%	-	-
Total	**8,872.60**		**-**	

Note 17. 4 - Terms of repayment of other loans

(₹ in Millions)

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Floating:				
Cash credit / Overdraft from Banks (A)				
Less than 1 year	940.00	8.60% - 10.00%	480.00	8.50% -10.00%
Securitisation Liability (B)				
More than 5 years	3,852.22	6.45% - 8.20%	4,846.35	7.25% - 9.25%
3- 5 Years	641.88	6.45% - 8.20%	756.21	7.25% - 9.25%
1-3 Years	605.81	6.45% - 8.20%	667.77	7.25% - 9.25%
Less than 1 year	353.12	6.45% - 8.20%	427.91	7.25% - 9.25%
Sub-Total - Securitisation Liability	5,453.04		6,698.24	
Total (A+B)	**6,393.04**		**7,178.24**	

NOTE 18. SUBORDINATED LIABILITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2021	As at March 31, 2020
(A)		
Non-convertible debentures - Unsecured	4,366.73	4,748.75
Total	**4,366.73**	**4,748.75**
Subordinated Liabilities in India	4,366.73	4,748.75
Subordinated Liabilities outside India	-	-
Total	**4,366.73**	**4,748.75**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 Millions (from February 28, 2024) , ₹ 1,265.16 Millions (from May 14, 2024), ₹ 400.00 Millions (from June 18, 2025) and ₹ 300.00 Millions (from July 14, 2025) {as at March 31, 2020 Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 Millions (from February 28, 2024) , ₹ 1,265.16 Millions (from May 14, 2024), ₹ 400.00 Millions (from June 18, 2025) and ₹ 300.00 Millions (from July 14, 2025)}.

Note 18.1 - Terms of repayment of Subordinated Debt

(₹ in Millions)

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
(a) Fixed:				
More than 5 years	1,515.46	8.85% - 9.85%	1,550.00	8.85% - 9.85%
3- 5 Years	-	-	1,150.00	8.93% - 9.30%
1-3 Years	650.00	8.93% - 9.30%	470.00	9.30% - 10.50%
Less than 1 year	598.89	8.85% - 10.50%	154.14	8.85%-10.50%
Total Fixed	**2,764.35**		**3,324.14**	
(b) Zero Coupon:				
More than 5 years	1,602.38	9.40%	1,424.61	9.40%
Total (a+b)	**4,366.73**		**4,748.75**	

These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under RBI Directions for Housing Finance Companies for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2021, 78% (Previous Year 81%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

Note 18.2 - Security wise details

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo1. Date Of Maturity 26/07/2021	10.50%	170.00	170.00
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo2. Date Of Maturity 10/08/2021	10.50%	100.00	100.00
9.30% Unsecured Subordinate Non Convertible Debentures. Series U03. Date Of Maturity 25/01/2022	9.30%	100.00	100.00
9.30% Unsecured Subordinate Non Convertible Debentures. Series U04. Date Of Maturity 11/02/2022	9.30%	100.00	100.00
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date Of Maturity 14/04/2023	8.93%	500.00	1,000.00
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo5. Date Of Maturity 29/05/2023	9.30%	150.00	150.00
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date Of Maturity 27/07/2027	8.85%	750.00	750.00
9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date Of Maturity 28/02/2028	9.05%	100.00	100.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date Of Maturity 16/06/2028	9.85%	400.00	400.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date Of Maturity 13/07/2028	9.85%	300.00	300.00
Zero Coupon G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series Ua3. Date Of Maturity 11/08/2028	9.40%	1,265.16	1,265.16
Total		**3,935.16**	**4,435.16**

Note: Statement showing contractual principal outstanding of Subordinated Non Convertible Debentures.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 19 . OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Book overdraft*	4,505.78	-
Unclaimed interest and redemption proceeds of NCDs**	14.26	1,070.55
Other Payables#	1,333.85	1,512.22
Total	**5,853.89**	**2,582.77**

* Book overdraft includes cheque issued towards disbursement to borrowers but not presented to banks as on March 31, 2021.

** As required under Section 125 of the Companies Act, 2013, the Company, during the year, has transferred ₹ 0.25 Millions (P.Y. Nil/-) to the Investor Education and Protection Fund (IEPF). As of March 31, 2021, ₹ 0.05 Millions (P.Y. Nil/-) was due for transfer to the IEPF.

1. Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 0.16 Millions (as at March 31, 2020 ₹ Nil/-).

2. In accordance with RBI notification dated April 7, 2021, the Company is required to refund/adjust 'interest on interest' to eligible borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Company is in the process of suitably implementing this methodology. As at March 31, 2021 the Company has created a liability towards estimated interest relief and reduced the same from the interest income.

NOTE 20. PROVISIONS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Provisions for Employee Benefits		
-Provision for Leave Encashment	47.76	36.80
-Provision for Gratuity (Refer 32.2)	-	11.60
-Provision for Bonus	78.02	111.70
Total	**125.78**	**160.10**

Note 20.1. Provision for Leave Encashment

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening provision	36.80	33.87
Additions	28.18	14.86
Reductions	(17.22)	(11.93)
Closing provision	**47.76**	**36.80**

Note 20.2. Provision for Bonus

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening provision	111.70	95.80
Additions	78.02	111.70
Reductions	(111.70)	(95.80)
Closing provision	**78.02**	**111.70**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 21. OTHER NON-FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory remittances	85.72	48.25
Advances from customers	1,044.48	116.45
Income received in advance	3.41	46.05
Total	**1,133.61**	**210.75**

NOTE 22. EQUITY

(a) The Authorised, Issued, Subscribed and fully paid up share capital

Share Capital:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised Share Capital		
152,000,000 Equity Shares of ₹10/- each with voting rights (as at March 31, 2020 - 152,000,000)	1,520.00	1,520.00
20,000,000 Preference Shares of ₹10/- each (as at March 31, 2020 20,000,000)	200.00	200.00
Total	**1,720.00**	**1,720.00**
Issued, Subscribed and Paid Up		
Equity Share Capital		
20,968,181 Equity Shares of ₹10/- each fully paid-up (as at March 31, 2020 20,968,181)	209.68	209.68
Total	**209.68**	**209.68**

All the above equity shares are held by IIFL Finance Limited (Formerly Known as IIFL Holdings Limited) and its nominees.

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

(₹ in Millions)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	20,968,181	209.68	20,968,181	209.68
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	20,968,181	209.68	20,968,181	209.68

(c) Terms/rights attached to equity shares:

The Company has only one class of Equity Shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
Equity shares of 10 each fully paid				
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited) and its nominees	20,968,181	100.00%	20,968,181	100.00%

(e) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any equity shares without payment being received in cash or by way of bonus shares or shares bought back.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

23. OTHER EQUITY

(₹ in Millions)

Particulars	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Debenture Redemption Reserve	Retained Earnings	Other Comprehensive Income			Total
						Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI	
Balance as at March 31, 2019	**7,991.57**	**938.60**	**1,575.70**	**416.75**	**4,945.96**	**(13.42)**	**(98.01)**	**-**	**15,757.14**
Profit for the year	-	-	-	-	2,449.22	-	-	-	**2,449.22**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax)	-	-	-	-	-	-	(32.61)	-	**(32.61)**
Remeasurement of defined benefit (Net of Tax)	-	-	-	-	-	(4.12)	-	-	**(4.12)**
Equity Dividend	-	-	-	-	(314.52)	-	-	-	**(314.52)**
Dividend Distribution Tax	-	-	-	-	(64.65)	-	-	-	**(64.65)**
Transfer to General Reserve	-	500.00	-	(500.00)	-	-	-	-	**-**
Transfer to Special Reserve	-	-	493.00	-	(493.00)	-	-	-	**-**
Transfer to Debenture Redemption Reserve	-	-	-	83.25	(83.25)	-	-	-	**-**
Balance as at March 31, 2020	**7,991.57**	**1,438.60**	**2,068.70**	**-**	**6,439.76**	**(17.54)**	**(130.62)**	**-**	**17,790.46**
Profit for the year	-	-	-	-	4,010.95	-	-	-	**4,010.95**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax)	-	-	-	-	-	-	(35.74)	-	**(35.74)**
Remeasurement of defined benefit (Net of Tax)	-	-	-	-	-	11.66	-	-	**11.66**
Equity Dividend	-	-	-	-	(524.20)	-	-	-	**(524.20)**
Transfer to Special Reserve	-	-	805.00	-	(805.00)	-	-	-	**-**
Fair value of loans carried at FVTOCI	-	-	-	-	-	-		(5.72)	**(5.72)**
Balance as at March 31, 2021	**7,991.57**	**1,438.60**	**2,873.70**	**-**	**9,121.51**	**(5.89)**	**(166.36)**	**(5.72)**	**21,247.41**

NOTE 24. INTEREST INCOME

(₹ in Millions)

Particulars	FY 2020-21		
	On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Interest on Loans*	1,972.82	15,159.48	17,132.30
Interest income from investments	-	12.34	12.34
Interest on inter corporate deposits	-	427.93	427.93
Interest on deposits with Banks	-	214.07	214.07
Total	**1,972.82**	**15,813.82**	**17,786.63**

*In accordance with RBI notification dated April 7, 2021, the Company is required to refund/adjust 'interest on interest' to eligible borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Company is in the process of suitably implementing this methodology. As at March 31, 2021 the Company has created a liability towards estimated interest relief and reduced the same from the interest income.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Particulars	FY 2019-20		
	On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Interest on Loans	3,620.30	12,371.26	15,991.56
Interest income from investments	-	12.28	12.28
Interest on inter corporate deposits	-	220.39	220.39
Interest on deposits with Banks	-	146.08	146.08
Total	**3,620.30**	**12,750.01**	**16,370.31**

NOTE 25. DIVIDEND INCOME

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Dividend income	40.71	-
Total	**40.71**	**-**

NOTE 26. FEES AND COMMISSION INCOME

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Fees & Other Charges	513.56	548.44
Insurance Commission	133.82	71.50
Total	**647.38**	**619.94**

NOTE 27. NET GAIN ON FAIR VALUE CHANGES

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Net gain on financial instruments at FVTPL		
On trading portfolio		
- Investments	185.01	203.52
Total Net gain on fair value changes	**185.01**	**203.52**
Fair Value changes:		
-Realised	185.01	286.95
-Unrealised	-	(83.43)
Total Net gain on fair value changes	**185.01**	**203.52**

NOTE 28. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Assignment of loans	770.76	176.89
Foreclosure of loans	95.25	-
Bad debts recovery	43.92	57.97
Total	**909.93**	**234.86**

NOTE 29. OTHER INCOME

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Marketing, advertisement and support service fees	1,107.84	601.58
Total	**1,107.84**	**601.58**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Note 30. FINANCE COST

(₹ in Millions)

Particulars	On Financial liabilities measured at Amortised Cost	
	FY 2020-21	FY 2019-20
Interest on inter-corporate deposits	0.00	0.98
Interest on borrowings (other than debt securities)	8,094.33	7,721.15
Interest on debt securities	1,882.47	2,312.19
Interest on subordinated liabilities	416.33	680.62
Other interest expense		
Interest on lease liabilities	17.42	22.45
Other borrowing cost	122.18	129.06
Total	**10,532.73**	**10,866.45**

Statement showing exchange fluctuation on account of foreign currency borrowings measured through Other Comprehensive Income:

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Revaluation Gain/(Loss) on Foreign currency loan	94.06	(314.63)
Recognised in Other Comprehensive Income	(94.06)	314.63

NOTE 31. IMPAIRMENT ON FINANCIAL INSTRUMENTS, INCLUDING WRITE-OFFS

(₹ in Millions)

Particulars	FY 2020-21		
	On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Loans	119.08	2,185.32	2,304.40
Bad debts written off	-	412.47	412.47
Total	**119.08**	**2,597.79**	**2,716.87**

(₹ in Millions)

Particulars	FY 2019-20		
	On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Loans	16.53	455.25	471.78
Bad debts written off	-	822.23	822.23
Total	**16.53**	**1,277.48**	**1,294.01**

NOTE 32. EMPLOYEE BENEFITS EXPENSES

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Salaries and wages	1,441.57	1,541.27
Contribution to provident and other funds (Refer Note 32.1)	54.82	59.98
Leave Encashment	22.81	14.49
Gratuity (Refer Note 32.2)	18.74	16.11
Staff welfare expenses	46.49	64.45
Total	**1,584.43**	**1,696.30**

The Group company i.e. IIFL Finance Limited, IIFL Securities Limited and IIFL Wealth Limited have granted stock options to its employees as well as employees of the Company. Pursuant to the scheme, the Company has reimbursed the group companies ₹ 22.67 Millions (2019-20 ₹ 31.66 Millions) during the year on account of such costs and the same is forming part of Employee benefit expenses.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

32.1 Defined Contribution Plans:

The Company has recognised the following amounts as an expense and included in the Employee Benefits Expenses.

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Contribution to Provident fund	27.82	31.57
Contribution to ESIC	3.87	4.42
Contribution to Labour Welfare Fund	0.23	0.21
Company contribution to EPS	21.68	23.09
Company contribution to NPS & IVTB	1.22	0.69
Total	**54.82**	**59.98**

32.2 Disclosures pursuant to Ind AS 19 on "Employee Benefits"

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
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 Year	01-04-20	01-04-19
Date of Reporting	31-03-21	31-03-20
Period of Reporting	12 Months	12 Months

Assumptions (Current Year)

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Expected Return on Plan Assets	6.85%	6.84%
Rate of Discounting	6.85%	6.84%
Rate of Salary Increase	9.00%	9.00%
Rate of Employee Turnover	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 27.00% p.a. For service 5 years and above 1.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Table Showing Change in the Present Value of Projected Benefit Obligations

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Present Value of Benefit Obligation at the Beginning of the Year	73.96	51.29
Interest Cost	5.06	3.89
Current Service Cost	17.95	15.91
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	6.22	0.77
Liability Transferred Out/ Divestment	(3.97)	(0.19)
Benefit Paid Directly by the Employer	(0.08)	(0.27)
Benefit Paid From the Fund	(6.62)	(1.80)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(0.61)	1.39
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.14)	(0.67)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(9.71)	3.64
Present Value of Benefit Obligation at the End of the Year	**82.05**	**73.96**

Table Showing Change in the Fair Value of Plan Assets

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Fair Value of Plan Assets at the Beginning of the Year	62.36	48.55
Interest Income	4.27	3.69
Contributions by the Employer	22.84	13.06
Benefit Paid from the Fund	(6.62)	(1.80)
Return on Plan Assets, Excluding Interest Income	5.11	(1.14)
Fair Value of Plan Assets at the End of the Year	**87.96**	**62.36**

Amount Recognised in the Balance Sheet

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Present Value of Benefit Obligation at the end of the Year	82.05	73.96
Fair Value of Plan Assets at the end of the Year	87.96	62.36
Funded Status Surplus/ (Deficit)	5.91	(11.60)
Net (Liability)/Asset Recognised in the Balance Sheet	**5.91**	**(11.60)**

Net Interest Cost for Current Year

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Present Value of Benefit Obligation at the Beginning of the Year	73.96	51.29
Fair Value of Plan Assets at the Beginning of the Year	(62.36)	(48.55)
Net Liability/(Asset) at the Beginning of the Year	**11.60**	**2.74**
Interest Cost	5.06	3.89
Interest Income	(4.27)	(3.69)
Net Interest Cost for Current Year	**0.79**	**0.20**

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Expenses Recognised in the Statement of Profit and Loss for Current Year

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Current Service Cost	17.95	15.91
Net Interest Cost	0.79	0.20
Past Service Cost	-	-
Expenses Recognised	**18.74**	**16.11**

Expenses Recognised in the Other Comprehensive Income (OCI) for Current Year

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Actuarial (Gains)/Losses on Obligation For the Year	(10.47)	4.37
Return on Plan Assets, Excluding Interest Income	(5.11)	1.14
Net (Income)/Expense For the Year Recognised in OCI	**(15.58)**	**5.51**

Balance Sheet Reconciliation

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Net Liability	11.60	2.74
Expenses Recognised in Statement of Profit and Loss	18.74	16.11
Expenses Recognised in OCI	(15.58)	5.51
Net Liability/(Asset) Transfer In	6.22	0.77
Net (Liability)/Asset Transfer Out	(3.97)	(0.19)
Benefit Paid Directly by the Employer	(0.08)	(0.27)
Employer's Contribution	(22.84)	(13.06)
Net Liability/(Asset) Recognised in the Balance Sheet	**(5.91)**	**11.60**

Category of Assets

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	87.96	62.36
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**87.96**	**62.36**

Information of major categories of plan assets of gratuity fund are not available with the Company and hence not disclosed as per the requirements of Ind AS 19 "Employee Benefits".

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Other Details

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Prescribed Contribution For Next Year (12 Months)	10.43	29.55

Net Interest Cost for Next Year

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Present Value of Benefit Obligation at the End of the Year	82.05	73.96
Fair Value of Plan Assets at the End of the Year	(87.96)	(62.36)
Net Liability/(Asset) at the End of the Year	**(5.91)**	**11.60**
Interest Cost	5.62	5.06
Interest Income	(6.02)	(4.27)
Net Interest Cost for Next Year	**(0.40)**	**0.79**

Expenses Recognised in the Statement of Profit or Loss for Next Year

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Current Service Cost	16.33	17.95
Net Interest Cost	(0.40)	0.79
Expected Contributions by the Employees	-	-
Expenses Recognised	**15.93**	**18.74**

Maturity Analysis of the Benefit Payments: From the Fund

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	2.79	0.93
2nd Following Year	0.72	0.64
3rd Following Year	0.85	0.73
4th Following Year	0.95	0.85
5th Following Year	1.05	0.94
Sum of Years 6 To 10	8.95	7.01
Sum of Years 11 and above	307.19	292.78

Sensitivity Analysis

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Projected Benefit Obligation on Current Assumptions	82.05	73.96
Delta Effect of +1% Change in Rate of Discounting	(12.92)	(12.16)
Delta Effect of -1% Change in Rate of Discounting	16.05	15.16
Delta Effect of +1% Change in Rate of Salary Increase	12.10	11.80
Delta Effect of -1% Change in Rate of Salary Increase	(10.84)	(10.40)
Delta Effect of +1% Change in Rate of Employee Turnover	(2.44)	(2.50)
Delta Effect of -1% Change in Rate of Employee Turnover	2.81	2.89

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

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.

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

NOTE 33. OTHER EXPENSES

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Advertisement	20.04	22.94
Loan processing expenses	70.63	107.35
Marketing Expenses	19.55	48.82
Bank Charges	9.17	20.82
Communication	14.28	14.99
Electricity	14.01	25.50
Rating and Custodian Fees	1.18	16.41
Legal & Professional Fees	142.20	191.53
Commission & Sitting Fees	5.68	3.71
Miscellaneous Expenses	3.12	2.85
Office Expenses	60.05	64.60
Postage & Courier	6.48	8.74
Printing & Stationary	8.64	9.83
Rates & Taxes	1.02	0.30
Rent (Refer note 12A)	31.34	59.91
Repairs & Maintenance	7.30	8.08
Payments to auditors**	4.85	2.79
Software Charges*	27.63	32.73
Security Expenses	22.20	16.14
Travelling & Conveyance	26.21	58.05
Corporate Social Responsibility (CSR) Expenses (Refer note 38)	79.06	63.48
Loss on sale of assets	14.29	0.56
Total	**588.93**	**780.13**

***Payments made in foreign currency on accrual basis**

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
For Software Charges	-	0.23

****Payments to auditors**

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Audit Fees	1.72	0.93
Limited Reviews	0.55	0.82
Other matters and certification	1.96	0.46
Out of Pocket Expenses	0.62	0.58
Total	**4.85**	**2.79**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 34. INCOME TAXES

Amounts recognised in the Statement of Profit and Loss

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Current tax expense		
Current year	1,419.33	855.10
Tax of earlier years	0.97	(8.63)
Deferred tax expense		
Origination and reversal of temporary differences	(331.41)	(6.33)
Total	**1,088.89**	**840.14**

Reconciliation of total tax expense

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Profit before tax	**5,099.84**	**3,289.36**
Tax using the domestic tax rate	1,283.53	827.86
Tax effect of:		
Non-deductible expenses	21.37	13.31
Tax-exempt income (includes deduction u/s 80JJAA)	(204.85)	(105.52)
Tax on Dividend	(10.25)	-
Income taxed at different rates	(4.23)	(0.94)
Change in Tax Rate	-	111.10
Recognition of previously unrecognised deductible temporary differences	2.34	2.96
Adjustments for current tax for prior periods	0.98	(8.63)
Total income tax expense	**1,088.89**	**840.14**

NOTE 35. EARNINGS PER SHARE

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

(₹ in Millions)

Particulars		FY 2020-21	FY 2019-20
Nominal value of equity shares in ₹ fully paid up		10	10
BASIC			
Profit after tax as per Statement of Profit and Loss (Total operations)	A	4,010.95	2,449.22
Weighted Average Number of Equity Shares Outstanding	B	20,968,181	20,968,181
Basic EPS (In ₹) (i) Total operations	**A/B**	**191.29**	**116.81**
DILUTED			
Weighted Average Number of Equity shares for computation of diluted EPS	C	20,968,181	20,968,181
Diluted EPS (In ₹) (i) Total operations	**A/C**	**191.29**	**116.81**

NOTE 36. CAPITAL / OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE

a. Commitments: As at the balance sheet date there were undrawn credit commitments of ₹ 14,757.15 Millions (P.Y. ₹ 12,718.37 Millions) representing the loan amounts sanctioned but not disbursed.

b. Contingent Liabilities (as certified by the management):

   i. Claim against the Company not acknowledge as debt ₹ 1.15 Millions (P.Y. ₹ Nil/-).

   ii. Credit enhancement and Guarantee given for securitisation and assignment transactions amounting to ₹ 1,900.56 Millions and ₹ 233.40 Millions respectively (P.Y. ₹ 1,868.12 Millions and ₹ 233.40 Millions).

c. Guarantee: The Company has provided Guarantee of ₹ Nil/- (P.Y. ₹ 20.00 Millions).

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

NOTE 37. DISCLOSURE AS PER IND AS -108 "OPERATING SEGMENTS

The Company's main business is financing by way of loans for the purchase or construction of residential houses, Loans against property and construction of real estate and certain other purposes, in India. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'.

NOTE 38. CORPORATE SOCIAL RESPONSIBILITY

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
(a) Gross amount required to be spent by the Company during the year	78.05	63.16
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	79.06	63.48

The aforementioned amount spent during the year has been contributed to India Infoline Foundation and others.

NOTE 39 FINANCIAL INSTRUMENTS

Note 39 A. Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk and market risk comprising of interest rate risk, currency risk and price risk.

Risk management is integral to Company's strategy. The comprehensive understanding of risk management throughout the various levels of an organisation aids in driving key decisions related to risk-return balance, capital allocation and product pricing.

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 Company's growth and performance.

Financial Risk Management Structure

The Company 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 Company. 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 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 Company'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 Company.

The Company has a risk framework constituting various lines of defence – the first line of defence consisting of the Management of the Company being responsible for seamless integration of risk principles across all businesses. Additionally, it ensures managerial & supervisory controls to ensure compliance and highlight inadequate processes and unexpected events.

Independent risk & policy team constitutes second life 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 & 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.

The Company has 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 minimise the losses to the company.

The Company'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.

39 A.1 Credit Risk

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

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. The Company ensures effective monitoring of credit facilities through a portfolio quality review framework. As per this process, a asset is reviewed at a frequency determined based on the risk it carries at the review date. For effective risk management, the company monitors its portfolio, based on product, underlying security and credit risk characteristics.

39 A.1(I) Credit Risk Grading of loans and loss allowances

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. An independent risk and policy team reviews adherence to policies and processes and carries out audit on periodic basis.

The Company has initiated 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 Company to standardise credit underwriting & improve sourcing quality in the long run.

The Company applies general approach to provide for credit losses prescribed by Ind AS 109, which provides to recognise 12-months expected credit losses where credit risk has not increased significantly since initial recognition and to recognise lifetime expected credit losses for financial instruments for which there has been significant increase in credit risk since initial recognition, considering all reasonable present and forward looking information, including that of forward looking.

Owing to the prevailing situation, additional Management overlay on account of COVID-19 has been considered in the ECL calculations for arriving at the impairment provisions required under IND AS 109.

The company categorises loan assets into stages based on the Days Past Due status: -

Stage 1: [0-31 days Past Due] It represents exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination.

Stage 2: [32-90 days Past Due] The Company collectively assesses ECL on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Company recognises as a collective provision, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

Stage 3: [More than 90 days Past Due] The Company identifies, both collectively and individually, ECL on those exposures that are assessed as credit impaired based on whether one or more events, that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Additionally, the Company evaluates risk based on staging which are as follows:

(₹ in Millions)

Risk Categorisation	As at March 31, 2021	As at March 31, 2020
Stage 1	137,579.44	121,756.08
Stage 2	9,366.35	7,279.85
Stage 3	3,298.10	2,400.36
Total	**150,243.89**	**131,436.29**

Financial Assets measured at Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on Cash and Cash Equivalents, Bank Balances, Unsecured Inter Corporate Deposits to group companies and Other Financial Assets. The application of simplified approach does not require the Company 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

The Management of the Company expects no defaults in the above mentioned financial assets and insignificant history of defaults has been observed by the Management in the previous years on such Financial Assets. Hence no ECL has been recognised on the above mentioned Financial assets as at the reporting date.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

39 A.1(II) Credit quality analysis

(a). 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 Millions)

Particulars	As at March 31, 2021				
	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 at Simplified Approach	Total
Cash and cash equivalents	-	-	-	4,123.27	**4,123.27**
Bank Balance other than above	-	-	-	4,437.40	**4,437.40**
Receivables					
(i) Trade Receivables	308.23	-	-	-	**308.23**
Loans	114,299.32	9,127.89	3,293.24	-	**126,720.45**
Other Financial assets	-	-	-	2,346.31	**2,346.31**

(₹ in Millions)

Particulars	As at March 31, 2020				
	"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 at Simplified Approach	Total
Cash and cash equivalents	-	-	-	9,251.67	**9,251.67**
Bank Balance other than above	-	-	-	3,556.63	**3,556.63**
Receivables					
(i) Trade Receivables	-	-	-	181.63	**181.63**
Loans*	90,170.12	7,249.00	2,342.73	1,535.10	**101,296.94**
Other Financial assets	-	-	-	1,383.87	**1,383.87**

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

(b). The following tables show reconciliations from the opening to the closing balance of the Exposure At Default (EAD) and Expected Credit Loss (ECL) by class of financial instrument.

Loans and advances

(₹ in Millions)

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 Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others*
Opening EAD March 31, 2020	**119,052.44**	**13,453.87**	**7,034.84**	**392.40**	**2,052.28**	**290.43**	**128,139.56**	**14,136.70**
New Loans Disbursed during the year	50,371.84	7,855.07	457.91	7.13	42.94	-	**50,872.69**	**7,862.20**
Loan Derecognised	(14,402.98)	(191.35)	(268.38)	(23.14)	(530.84)	(41.45)	**(15,202.20)**	**(255.94)**
Movement in Stages								**-**
From Stage 1	(6,474.07)	(456.91)	5,837.79	397.10	636.28	59.82	**-**	**-**
From Stage 2	3,198.41	140.21	(3,991.10)	(192.55)	792.69	52.33	**-**	**-**
From Stage 3	134.03	9.39	155.07	10.87	(289.10)	(20.26)	**-**	**-**
Loans Repaid in part or full	(15,259.79)	(5,828.71)	(221.06)	126.31	(9.35)	261.76	**(15,490.20)**	**(5,440.64)**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	(73.80)	-	0.04	-	0.57	**-**	**(73.19)**
Closing EAD March 31, 2021	**136,619.88**	**14,907.77**	**9,005.07**	**718.16**	**2,694.90**	**603.20**	**148,319.85**	**16,229.13**

*Includes amount w.r.t. sanctioned but un-disbursed considered for ECL of ₹ 14,305.09 Millions (As at March 31, 2020 ₹ 12,514.44 Millions)

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

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 Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others*
Opening EAD March 31, 2019	**127,982.18**	**16,732.42**	**4,837.23**	**335.51**	**1,183.19**	**161.99**	**134,002.60**	**17,229.92**
New Loans Disbursed during the year	29,274.86	5,473.17	2,020.28	39.53	400.57	64.64	**31,695.71**	**5,577.34**
Loan Derecognised	(17,216.48)	(142.63)	(477.00)	(38.12)	(393.77)	(51.56)	**(18,087.25)**	**(232.32)**
Movement in Stages								
From Stage 1	(3,919.50)	(350.58)	3,323.34	269.61	596.16	80.97	**-**	**-**
From Stage 2	1,591.71	117.94	(2,139.21)	(159.59)	547.50	41.65	**-**	**-**
From Stage 3	174.95	22.83	50.50	4.43	(225.45)	(27.27)	**-**	**-**
Loans Repaid in part or full	(18,835.28)	(8,399.28)	(580.30)	(58.97)	(55.92)	20.01	**(19,471.50)**	**(8,438.24)**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	-	-	-	-	-	**-**	**-**
Closing EAD March 31, 2020	**119,052.44**	**13,453.87**	**7,034.84**	**392.40**	**2,052.28**	**290.43**	**128,139.56**	**14,136.70**

*Includes amount w.r.t. sanctioned but un-disbursed considered for ECL of ₹ 12,514.44 Millions (As at March 31, 2019 ₹ 15,831.60 Millions)

Loss Allowances

(₹ in Millions)

Reconciliation of Loss Allowances	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 Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others*
Opening ECL March 31, 2020	**778.97**	**43.54**	**443.70**	**23.70**	**482.61**	**290.58**	**1,705.28**	**357.81**
New Loans Disbursed during the year	440.23	53.19	31.73	1.30	15.12	2.27	**487.07**	**56.77**
Loan Derecognised	(54.55)	(3.19)	(10.59)	(1.13)	(162.10)	(38.91)	**(227.24)**	**(43.23)**
Movement in Stages								
From Stage 1	(64.79)	(2.11)	60.83	1.90	3.95	0.21	**-**	**0.00**
From Stage 2	174.87	1.88	(276.98)	(13.11)	102.11	11.23	**-**	**0.00**
From Stage 3	34.70	9.39	39.46	10.88	(74.16)	(20.26)	**-**	**-**
Loans Repaid in part or full	710.07	4.90	525.68	27.57	626.52	363.47	**1,862.28**	**395.94**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	-	-	-	-	-	**-**	**-**
Closing ECL March 31, 2021	**2,019.50**	**107.60**	**813.83**	**51.11**	**994.05**	**608.59**	**3,827.38**	**767.30**

*Includes ECL w.r.t. sanctioned but un-disbursed of ₹ 87.28 Millions (As at March 31, 2020 ₹ 29.70 Millions).

(₹ in Millions)

Reconciliation of Loss Allowances	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 Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others	Principal Outstanding	Interest Accrued / Others*
Opening ECL March 31, 2019	**580.00**	**48.62**	**165.39**	**11.17**	**283.55**	**161.99**	**1,028.94**	**221.78**
New Loans Disbursed /Purchased during the year	172.21	16.48	149.29	3.25	110.52	65.66	**432.02**	**85.40**
Loan Derecognised	(72.94)	(1.81)	(9.68)	(1.28)	(109.58)	(51.56)	**(192.20)**	**(54.66)**
Movement in Stages								
From Stage 1	(19.66)	(1.47)	16.67	1.16	2.99	0.31	**-**	**0.00**
From Stage 2	110.51	4.88	(116.94)	(5.99)	6.43	1.11	**(0.00)**	**0.00**
From Stage 3	39.81	22.83	11.73	4.43	(51.54)	(27.27)	**-**	**-**
Loans Repaid in part or full	(30.96)	(45.99)	227.24	10.96	240.24	140.33	**436.52**	**105.29**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	-	-	-	-	-	**-**	**-**
Closing ECL March 31, 2020	**778.97**	**43.54**	**443.70**	**23.70**	**482.61**	**290.58**	**1,705.28**	**357.81**

*Includes ECL w.r.t. sanctioned but un-disbursed of ₹ 29.70 Millions (As at March 31, 2019 ₹ 37.17 Millions).

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

39 A.1(III) Concentrations 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 Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Company does not have concentration risk.

63% of the Company's Loan outstanding is from Borrowers residing across 5 various states of India

39 A.1(IV) Contractual amount outstanding on financial assets that were written off during the reporting year

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Write off	412.47	822.23

39 A.1(V) Collateral held

The Company is in the business of extending secured loans backed by mortgage of property (residential or commercial). This also includes cross-collateralisation on other property(ies) of the borrower. The Company assessess and monitors value of the collaterals periodically on the basis of the internal policy. In case required, the Company also requests for additional collateral(s).

In normal course of business, the Company does not physically repossess properties or collaterals. Once contractual loan repayments are more than 90 days past due, repossession of property(ies) may be initiated under the provisions of the SARFAESI Act, 2002. Repossessed property(ies) is disposed of in the manner prescribed in the SARFAESI Act, 2002, to recover outstanding debt.

39 A.1(VI) Modified financial assets

For financial assets, such as a loan to a customer, where 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 Company has disclosed modification gain or loss based on the change in cash flows discounted at the original EIR (Effective Interest Rate).

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Amortised Cost of Modified Assets at the time of modification	4,515.80	-
Modification Loss for the year	73.27	-

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of Modified financial assets	3,986.79	-

The terms of the assets have been modified in accordance with NHB (Directions)/RBI (HFC) Directions and as per RBI Notification "Resolution Framework for COVID-19-related Stress".

39 A.2 Liquidity Risk

Liquidity risk refers to the risk that the Company may not be able to meet its short-term financial obligations. The Company manages liquidity risk by maintaining sufficient cash and by having access to funding through an adequate amount of credit lines. Further, The Company has defined Asset Liability Management (ALM) Framework with an organisational 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 Company 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(i) Maturities of financial liabilities

(₹ in Millions)

Contractual maturities of financial liabilities As at March 31, 2021	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	**292.08**	-	-	-	292.08	-	-
Trade Payables	**351.58**	351.58	-	-	-	-	-
Lease Liabilities*	**191.58**	9.69	9.57	17.50	63.51	46.37	44.94
Debt Securities	**21,027.50**	4,523.06	5,024.82	2,318.21	1,648.81	1,156.61	6,355.99
Borrowings (Other than Debt Securities)	**104,708.22**	8,964.13	8,187.95	11,795.14	39,222.78	15,634.40	20,903.82
Subordinated Liabilities	**4,366.73**	31.09	367.15	200.65	650.00	-	3,117.84
Other financial liabilities	**5,853.89**	5,853.89	-	-	-	-	-

(₹ in Millions)

Contractual maturities of financial liabilities As at March 31, 2020	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	**150.27**	-	-	-	-	150.27	-
Trade Payables	**290.74**	290.74	-	-	-	-	-
Lease Liabilities*	**320.46**	17.06	17.34	34.70	106.75	80.06	64.55
Debt Securities	**23,667.61**	5,610.22	1,450.48	1,421.13	11,124.40	761.38	3,300.00
Borrowings (Other than Debt Securities)	**95,034.18**	5,574.10	6,395.73	11,140.13	38,213.49	18,845.71	14,865.02
Subordinated Liabilities	**4,748.75**	25.66	127.49	0.99	470.00	1,150.00	2,974.61
Other financial liabilities	**2,582.77**	2,582.77	-	-	-	-	-

*Contractual maturities of financial lease obligation are on undiscounted basis.

39 A.3 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 categorised 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 Company's exposure to market risk is primarily on account of interest rate risk, foreign exchange risk and price risk.

39 A.3(I) Interest rate risk

Interest rate risk is the risk where changes in market interest rates might adversely affect the entitys financial condition. The rise or fall in interest rates impact the Company's Net Interest Income.

Total Borrowings of the Company are as follows:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Floating rate borrowings	80,265.07	79,148.65
Fixed rate borrowings	49,837.38	44,301.89
Total borrowings	**130,102.45**	**123,450.54**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

As at the end of the reporting year, the Company had the following floating rate borrowings and cross currency interest rate swap contracts outstanding:

(₹ in Millions)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans and bank overdrafts and Securitisation Liability	8.54%	77,252.26	59.38%	9.10%	75,549.13	61.20%
Non Convertible Debentures	9.15%	3,012.81	2.32%	9.32%	3,599.52	2.92%
Net exposure to cash flow interest rate risk		**80,265.07**	**61.70%**		**79,148.65**	**64.11%**

An analysis by maturities is provided in note 39 A 2(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.

(₹ in Millions)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Cross Currency Interest Rate Swaps	9.36%	3,675.23	2.82%	9.36%	3,769.29	3.05%

The Company had following floating rate loans outstanding:

(₹ in Millions)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Loans*	11.66%	150,243.89	100.00%	11.87%	129,532.84	100.00%

*Since certain loans disbursed by Company carry a fix rate of interest only for an initial short tenure of the loan, all loans granted are considered to be floating rate loans

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Interest rates – increase by 30 basis points (30 bps) *	(180.19)	(177.69)	-	-
Interest rates – decrease by 30 basis points (30 bps) *	180.19	177.69	-	-

*Holding all other variables constant

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Profit or loss is sensitive to higher/lower interest income from loans and advances as a result of changes in interest rates.

(₹ in Millions)

Particulars	Impact on profit after tax	
	FY 2020-21	FY 2019-20
Interest rates – increase by 30 basis points (30 bps) *	337.29	290.80
Interest rates – decrease by 30 basis points (30 bps) *	(337.29)	(290.80)

* Holding all other variables constant

39 A.3(II) 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 Company'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).

In order to minimise any adverse effects on the financial performance of the Company, 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 Company's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Company's operating units

The Company follows a conservative policy of hedging its foreign currency exposure through Forwards and / or Cross Currency Interest Rate Swaps 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 Company's profit before tax (PBT) and equity.

(₹ in Millions)

Particulars	Amount Outstanding	
	In INR	In USD
Borrowing as on March 31, 2021	3,675.23	50.00
Borrowing as on March 31, 2020	3,769.29	50.00

Since the Company has entered into derivative transaction to hedge this borrowing, the Company is not exposed to any currency risk on this borrowing.

39 A.3(III) Price Risk

The Company's equity investments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, the Company periodically monitors the performance of the investee companies.

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

(₹ in Millions)

Particulars	Equity Shares	Total
Market value as on March 31, 2021	-	-
Market value as on March 31, 2020	378.52	**378.52**

Sensitivity

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

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Increase by 5%	-	14.16	-	-
Decrease by 5%	-	(14.16)	-	-

39 A.3(IV) Competitions Risk

Company offers a range of mortgage products such as home loan, loans against property and construction of real estate. These are provided to a broad segment of customers including salaried and self-employed personnel and corporates. We face competition primarily from other HFCs. 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

39.B Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company monitors capital using a capital adequacy ratio as prescribed by the NHB Directions/ RBI Directions.

Particulars	As at March 31, 2021	As at March 31, 2020
Net Debt (₹ in Millions)	127,104.37	119,893.77
Total Equity (₹ in Millions)	21,243.40	17,796.16
Net Debt to Equity Ratio (times)	5.98	6.74

39.B.1 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.

The Company evaluates the significance of financial instruments and material accuracy of the valuations incorporated in the financial statements as they involve a high degree of judgement and estimation uncertainty in determining the carrying values of financial assets and liabilities at the balance sheet date. Fair value of financial instruments is determined using valuation techniques and estimates which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments. In determining the valuation of financial instruments, the Company makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 instruments, and the significant valuation judgements in respect of Level 3 instruments.

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

(₹ in Millions)

Particulars	As at March 31, 2021			
	FVTPL	FVTOCI	Amortised cost	At Cost
Financial assets				
Cash and cash equivalents	-	-	4,123.27	-
Bank Balance other than cash and cash equivalents	-	-	4,437.40	-
Receivables				
(i) Trade Receivables	-	-	308.23	-
Loans	-	23,266.92	122,382.31	-
Investments	-	-	125.97	1,546.23
Other Financial assets	-	-	2,337.85	-
Total financial assets	**-**	**23,266.92**	**133,715.03**	**1,546.23**
Financial liabilities				
Derivative financial instruments	-	292.08	-	-
Trade Payables	-	-	351.58	-
Lease Liabilities	-	-	149.03	-
Debt Securities	-	-	21,027.50	-
Borrowings (Other than Debt Securities)	-	-	104,708.22	-
Subordinated Liabilities	-	-	4,366.73	-
Other financial liabilities	-	-	5,853.89	-
Total financial liabilities	**-**	**292.08**	**136,456.97**	**-**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Particulars	As at March 31, 2020		
	FVTPL	FVTOCI	Amortised cost
Financial assets			
Cash and cash equivalents	-	-	9,251.67
Bank Balance other than cash and cash equivalents	-	-	3,556.63
Receivables			
(i) Trade Receivables	-	-	181.63
Loans	-	29,862.56	99,510.65
Investments	378.52	-	155.57
Other Financial assets	-	-	1,375.78
Total financial assets	**378.52**	**29,862.56**	**114,031.93**
Financial liabilities			
Derivative financial instruments	-	150.27	-
Trade Payables	-	-	290.74
Lease Liabilities	-	-	253.49
Debt Securities	-	-	23,667.61
Borrowings (Other than Debt Securities)	-	-	95,034.18
Subordinated Liabilities	-	-	4,748.75
Other financial liabilities	-	-	2,582.77
Total financial liabilities	**-**	**150.27**	**126,577.54**

39.B.2 Financial instruments measured at fair value – Fair value hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Company recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

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.

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Loans - FVTOCI	-	-	23,266.92	23,266.92
Investments			-	
(i) Equity	-	-	-	-
Total financial assets	**-**	**-**	**23,266.92**	**23,266.92**
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	292.08	-	292.08
Total financial liabilities	**-**	**292.08**	**-**	**292.08**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Loans - FVTOCI	-	-	29,862.56	29,862.56
Investments				
(i) Debt Securities	-	-	-	-
(ii) Equity	378.52	-	-	378.52
Total financial assets	**378.52**	**-**	**29,862.56**	**30,241.08**
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	150.27	-	150.27
Total financial liabilities	**-**	**150.27**	**-**	**150.27**

Valuation technique used to determine fair value

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
2. Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

(₹ in Millions)

Assets and liabilities which are measured at amortised cost or cost for which fair values are disclosed As at March 31, 2021	Fair value	Carrying value	Fair value hierarchy
Financial assets			
Loans	122,367.83	122,382.31	Level 3
Investments			
(i) Equity Instruments	1,623.77	1,546.23	Level 3
Total financial assets	**123,991.60**	**123,928.54**	
Financial Liabilities			
Debt Securities	19,517.03	21,027.50	Level 3
Subordinated Liabilities	4,035.09	4,366.73	Level 3
Total financial liabilities	**23,552.12**	**25,394.23**	

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2020	Fair value	Carrying value	Fair value hierarchy
Financial assets			
Loans	99,510.65	99,510.65	Level 3
Total financial assets	**99,510.65**	**99,510.65**	
Financial Liabilities			
Debt Securities	20,353.31	23,667.61	Level 3
Subordinated Liabilities	6,037.69	4,748.75	Level 3
Total financial liabilities	**26,391.00**	**28,416.36**	

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 Company's financial statements. These fair values were calculated for disclosure purposes only.

(i) Loans: The cash flows at the fixed rate were discounted to present value at the applicable internal benchmark rates . This value, as estimated, was discounted to present value at the applicable rates to determine their fair value.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(ii) Equity instruments: Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case basis and classified as Level 3.

(iii) Debt Securities and Subordinated Liabilities: 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.

(iv) 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 cash equivalents, bank balances other than cash and cash equivalents, trade receivables, investment in debt securities, trade payables, lease liabilities, borrowings (other than debt securities), other financial assets & liabilities.

39.B.3 Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

(₹ in Millions)

Particulars	Loans - FVTOCI	
	As at March 31, 2021	As at March 31, 2020
Opening Balance	29,862.56	34,879.09
Sold during the year	(14,887.13)	(20,832.52)
Issuances	8,291.49	15,815.99
Closing Balance	**23,266.92**	**29,862.56**

39.B.4 Transferred financial assets that are derecognised in their entirety

During the year, the Company 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 Company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at FVTOCI and the gain/(loss) on derecognition:

(₹ in Millions)

Loans and advances	FY 2020-21	FY 2019-20
Carrying amount of derecognised financial assets	14,887.13	20,832.52
Gain from derecognition for the year	770.76	176.89

The table below summarises the carrying amount of the continuing involvment in derecognised financial assets

(₹ in Millions)

Loans and advances	As at March 31, 2021	As at March 31, 2020
Carrying amount of continuing involvement in derecognised financial assets	8,039.49	8,202.04

39.B.5 Transferred financial assets that are not derecognised in their entirety:

The Company 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 Company 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Securitisations	As at March 31, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	5,374.25	6,568.86
Carrying amount of associated liabilities	5,453.04	6,698.24
Fair value of assets	5,374.25	6,568.86
Fair value of associated liabilities	5,453.04	6,698.24

40. IIFL Home Finance Limited is exempt from preparation of consolidation of financial statements. The holding company i.e. IIFL Finance Limited (L67100MH1995PLC093797) will prepare consolidated financial statements as per Rule 6 of Companies (Accounts) Rules, 2014 as amended by Companies (Accounts) Amendment Rules, 2016 notified on July 27, 2016.

41. RELATED PARTY DISCLOSURES AS PER IND AS – 24 "RELATED PARTY DISCLOSURE" FOR THE YEAR ENDED MARCH 31, 2021

Nature of relationship	Name of party
Holding company	IIFL Finance Limited (formerly known as IIFL Holdings Limited)
Fellow Subsidiary & Associate	Samasta Microfinance Limited
Fellow Subsidiary	Clara Developers Private Limited (ceased w.e.f. July 26, 2020)
Other Related Parties (Due to common Promoter)	IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)
	IIFL Securities Limited (Formerly known as India Infoline Limited)
	IIFL Wealth Management Limited
	IIFL Wealth Finance Limited
	IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)
	IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)
	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	5Paisa Capital Limited
	India Infoline Foundation
Key Management Personnel and other Directors	Mr. S. Sridhar - Chairman and Independent Director
	Mr. Nirmal Jain - Non Executive Director
	Mr. R. Venkataraman - Non Executive Director
	Mr. Kranti Sinha - Independent Director
	Ms. Suvalaxmi Chakraborty - Independent Director
	Mr. AK Purwar- Independent Director
	Mr. Monu Ratra - Executive Director & CEO

List includes related parties with whom transactions were carried out during current or previous year.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

41.A Significant transactions with related parties:

(₹ in Millions)

Nature of transaction	Holding Company	Fellow Subsidiaries & Associate	Other related parties	Key Managerial Personnel	Total
Interest income					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	333.59	-	-	-	333.59
	(129.94)	(-)	(-)	(-)	(129.94)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	46.61	-	46.61
	(-)	(-)	(38.96)	(-)	(38.96)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	28.17	-	28.17
	(-)	(-)	(62.01)	(-)	(62.01)
Samasta Microfinance Limited	-	19.56	-	-	19.56
	(-)	(-)	(-)	(-)	(-)
Interest expense					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	28.38	-	-	-	28.38
	(45.32)	(-)	(-)	(-)	(45.32)
IIFL Wealth Finance Limited	-	-	-	-	-
	(-)	(-)	(5.14)	(-)	(5.14)
Service Fees Income for Mortgage Portfolio					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	6.47	-	-	-	6.47
	(16.20)	(-)	(-)	(-)	(16.20)
Service Fees Expense on Assignment transaction					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(0.77)	(-)	(-)	(-)	(0.77)
Corporate Social Responsibility Expense (CSR)					
India Infoline Foundation	-	-	71.50	-	71.50
	(-)	(-)	(58.62)	(-)	(58.62)
Arranger fees Expense					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	1.27	-	-	-	1.27
	(-)	(-)	(-)	(-)	(-)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	4.08	-	4.08
	(-)	(-)	(-)	(-)	(-)
Commission Charges					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	-	-
	(-)	(-)	(4.85)	(-)	(4.85)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(2.00)	(-)	(-)	(-)	(2.00)
Commission/ Brokerage Expense					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	0.00	-	0.00
	(-)	(-)	(0.04)	(-)	(0.04)
Remuneration and Compensation to KMP					
Mr. Monu Ratra - Short Term Benefit	-	-	-	38.61	38.61
	(-)	(-)	(-)	(55.42)	(55.42)
Mr. Monu Ratra - Post Employment Benefit	-	-	-	0.32	0.32
	(-)	(-)	(-)	(-)	(-)
Sitting Fees paid to Directors					
Mr. Kranti Sinha	-	-	-	0.57	0.57
	(-)	(-)	(-)	(0.48)	(0.48)
Mr. S. Sridhar	-	-	-	0.69	0.69
	(-)	(-)	(-)	(0.51)	(0.51)

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Nature of transaction	Holding Company	Fellow Subsidiaries & Associate	Other related parties	Key Managerial Personnel	Total
Ms. Suvalaxmi Chakraborty	-	-	-	0.48	0.48
	(-)	(-)	(-)	(0.24)	(0.24)
Mr. AK Purwar	-	-	-	0.33	0.33
	(-)	(-)	(-)	(0.12)	(0.12)
Commission to Directors					
Mr. Kranti Sinha	-	-	-	1.00	1.00
	(-)	(-)	(-)	(-)	(-)
Mr. S. Sridhar	-	-	-	1.00	1.00
	(-)	(-)	(-)	(1.00)	(1.00)
Ms. Suvalaxmi Chakraborty	-	-	-	1.00	1.00
	(-)	(-)	(-)	(1.00)	(1.00)
Interim Dividend Payment					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	524.20	-	-	-	524.20
	(314.52)	(-)	(-)	(-)	(314.52)
Interim Dividend Received					
Samasta Microfinance Limited	-	40.10	-	-	40.10
	(-)	(-)	(-)	(-)	(-)
ICD Taken					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	11,950.00	-	-	-	11,950.00
	(25,566.94)	(-)	(-)	(-)	(25,566.94)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	3,570.00	-	3,570.00
	(-)	(-)	(15,411.00)	(-)	(15,411.00)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	20.00	-	20.00
	(-)	(-)	(-)	(-)	(-)
ICD Returned					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	3,570.00	-	3,570.00
	(-)	(-)	(15,411.00)	(-)	(15,411.00)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	11,950.00	-	-	-	11,950.00
	(25,566.94)	(-)	(-)	(-)	(25,566.94)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	20.00	-	20.00
	(-)	(-)	(-)	(-)	(-)
ICD/Loan Given					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	82,387.10	-	-	-	82,387.10
	(67,796.20)	(-)	(-)	(-)	(67,796.20)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	7,073.50	-	7,073.50
	(-)	(-)	(33,983.20)	(-)	(33,983.20)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	-	-
	(-)	(-)	(4,695.60)	(-)	(4,695.60)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	327.50	-	327.50
	(-)	(-)	(-)	(-)	(-)
Samasta Microfinance Limited	-	1,000.00	-	-	1,000.00
	(-)	(-)	(-)	(-)	(-)
ICD/Loan received back					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	82,387.10	-	-	-	82,387.10
	(67,796.20)	(-)	(-)	(-)	(67,796.20)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	8,039.50	-	8,039.50
	(-)	(-)	(33,017.20)	(-)	(33,017.20)

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Nature of transaction	Holding Company	Fellow Subsidiaries & Associate	Other related parties	Key Managerial Personnel	Total
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	569.10	-	569.10
	(-)	(-)	(4,126.50)	(-)	(4,126.50)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	327.50	-	327.50
	(-)	(-)	(-)	(-)	(-)
Samasta Microfinance Limited	-	1,000.00	-	-	1,000.00
	(-)	(-)	(-)	(-)	(-)
Purchase of Investment					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	1,321.23	-	-	-	1,321.23
	(-)	(-)	(-)	(-)	(-)
Equity Shares Allotment					
Samasta Microfinance Limited	-	225.00	-	-	225.00
	(-)	(-)	(-)	(-)	(-)
Allocation of expenses paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	45.13	-	45.13
	(-)	(-)	(68.37)	(-)	(68.37)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	1.27	-	1.27
	(-)	(-)	(6.00)	(-)	(6.00)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	30.15	-	-	-	30.15
	(42.28)	(-)	(-)	(-)	(42.28)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	5.63	-	5.63
	(-)	(-)	(9.97)	(-)	(9.97)
Reimbursement paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	1.91	-	1.91
	(-)	(-)	(6.09)	(-)	(6.09)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	0.00	-	0.00
	(-)	(-)	(0.17)	(-)	(0.17)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	9.94	-	-	-	9.94
	(22.11)	(-)	(-)	(-)	(22.11)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	0.01	-	0.01
	(-)	(-)	(0.00)	(-)	(0.00)
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	-	-	0.07	-	0.07
	(-)	(-)	(0.45)	(-)	(0.45)
5Paisa Capital Limited	-	-	0.11	-	0.11
	(-)	(-)	(0.46)	(-)	(0.46)
ESOP					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	0.20	-	0.20
	(-)	(-)	(0.47)	(-)	(0.47)
IIFL Wealth Management Limited	-	-	0.06	-	0.06
	(-)	(-)	(0.13)	(-)	(0.13)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	22.41	-	-	-	22.41
	(31.06)	(-)	(-)	(-)	(31.06)
Allocation of expenses received					
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	0.02	-	0.02
	(-)	(-)	(0.16)	(-)	(0.16)

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Nature of transaction	Holding Company	Fellow Subsidiaries & Associate	Other related parties	Key Managerial Personnel	Total
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	5.29	-	5.29
	(-)	(-)	(10.81)	(-)	(10.81)
5Paisa Capital Limited	-	-	0.14	-	0.14
	(-)	(-)	(0.09)	(-)	(0.09)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	5.55	-	-	-	5.55
	(6.99)	(-)	(-)	(-)	(6.99)
Reimbursement received					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	1.81	-	1.81
	(-)	(-)	(3.15)	(-)	(3.15)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	13.12	-	-	-	13.12
	(31.76)	(-)	(-)	(-)	(31.76)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	-	-
	(-)	(-)	(0.22)	(-)	(0.22)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	0.05	-	0.05
	(-)	(-)	(0.00)	(-)	(0.00)
5Paisa Capital Limited	-	-	0.06	-	0.06
	(-)	(-)	(2.06)	(-)	(2.06)
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	-	-	0.07	-	0.07
	(-)	(-)	(0.29)	(-)	(0.29)
IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	-	-	0.63	-	0.63
	(-)	(-)	(-)	(-)	(-)
Payment towards Assignment Transaction					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(4)	(-)	(-)	(-)	(4)
Purchase of Mortgage Portfolio					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(6,050.00)	(-)	(-)	(-)	(6,050.00)
Payment of Assignment Transactions					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	902.18	-	-	-	902.18
	(954.16)	(-)	(-)	(-)	(954.16)
Receipt towards Assignment Transaction					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(9.29)	(-)	(-)	(-)	(9.29)
Debentures Boughtback					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	500.00	-	-	-	500.00
	(-)	(-)	(-)	(-)	(-)
IIFL Wealth Finance Limited	-	-	224.97	-	224.97
	(-)	(-)	(739.83)	(-)	(739.83)

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

41 B. Closing balance:

(₹ in Millions)

Nature of transaction	Holding Company	Fellow Subsidiaries & Associate	Other related parties	Key Managerial Personnel	Total
Payable to Group/Holding Company					
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	0.08	-	0.08
	(-)	(-)	(0.02)	(-)	(0.02)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	1.78	-	1.78
	(-)	(-)	(0.41)	(-)	(0.41)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	7.93	-	-	-	7.93
	(22.89)	(-)	(-)	(-)	(22.89)
5paisa Capital Limited	-	-	0.09	-	0.09
	(-)	(-)	(-)	(-)	(-)
IIFL Wealth Management Limited	-	-	0.01	-	0.01
	(-)	(-)	(-)	(-)	(-)
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	-	-	0.06	-	0.06
	(-)	(-)	(-)	(-)	(-)
Receivable from Group/Holding Company					
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	-	-
	(-)	(-)	(0.03)	(-)	(0.03)
Debt Securities Outstanding					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(500.00)	(-)	(-)	(-)	(500.00)
IIFL Wealth Finance Limited	-	-	218.00	-	218.00
	(-)	(-)	(-)	(-)	(-)
Interest accrued on outstanding debt securities					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(30.46)	(-)	(-)	(-)	(30.46)
Provision for Post Employment Benefits					
Mr. Monu Ratra	-	-	-	2.31	2.31
	(-)	(-)	(-)	(1.87)	(1.87)
Commission Payable					
Mr. Kranti Sinha	-	-	-	1.00	1.00
	(-)	(-)	(-)	(-)	(-)
Mr. S. Sridhar	-	-	-	1.00	1.00
	(-)	(-)	(-)	(1.00)	(1.00)
Ms. Suvalaxmi Chakraborty	-	-	-	1.00	1.00
	(-)	(-)	(-)	(1.00)	(1.00)
Corporate Guarantee					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	12,255.43	-	-	-	12,255.43
	(17,524.37)	(-)	(-)	(-)	(17,524.37)
ICD/Loan Given					
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	-	-
	(-)	(-)	(966.00)	(-)	(966.00)
IIFL Management Services Limited	-	-	-	-	-
	(-)	(-)	(569.10)	(-)	(569.10)

Figures in brackets represents previous year's figures.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

41 C. Disclosure of Loan and advances pursuant to Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015:

(₹ in Millions)

Particulars	Outstanding as on March 31, 2021	Maximum Outstanding during the year
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	8,242.10
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	3,000.00
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	569.10
Samasta Microfinance Limited	-	1,000.00

Note 42. Current and non Current classification - Statement of Assets and liabilities as at March 31, 2021

(₹ in Millions)

Sr. No	Particulars	Current	Non Current	Total
	ASSETS			
1	**Financial Assets**			
(a)	Cash and cash equivalents	4,123.27	-	**4,123.27**
(b)	Bank balance other than (a) above	4,014.86	422.54	**4,437.40**
(c)	Receivables			
	(I) Trade receivables	308.23	-	**308.23**
(d)	Loans	30,849.89	114,799.34	**145,649.23**
(e)	Investments	4.23	1,667.97	**1,672.20**
(f)	Other financial assets	45.02	2,292.83	**2,337.85**
2	**Non-financial Assets**			
(a)	Current tax assets (net)	-	143.57	**143.57**
(b)	Deferred tax assets (net)	-	701.71	**701.71**
(c)	Investment Property	-	70.05	**70.05**
(d)	Property, plant and equipment	-	24.84	**24.84**
(e)	Right of use assets	-	131.68	**131.68**
(f)	Other intangible assets	-	1.26	**1.26**
(g)	Other non-financial assets	30.61	6.74	**37.35**
(h)	Assets held for sale	139.46	-	**139.46**
	Total Assets	**39,515.57**	**120,262.53**	**159,778.10**
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Derivative financial instruments	-	292.08	**292.08**
(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	351.58	-	**351.58**
(c)	Lease Liabilities	25.40	123.63	**149.03**
(d)	Debt securities	11,866.10	9,161.40	**21,027.50**
(e)	Borrowings (other than debt securities)	28,947.22	75,761.00	**104,708.22**
(f)	Subordinated liabilities	598.89	3,767.84	**4,366.73**
(g)	Other financial liabilities	5,853.89	0.00	**5,853.89**
2	**Non-financial Liabilities**			
(a)	Current tax liabilities (net)	312.59	-	**312.59**
(b)	Provisions	85.80	39.98	**125.78**
(c)	Other non-financial liabilities	1,133.61	-	**1,133.61**
3	**Equity**			
(a)	Equity share capital	-	209.68	**209.68**
(b)	Other equity	-	21,247.41	**21,247.41**
	Total liabilities and equity	**49,175.08**	**110,603.02**	**159,778.10**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Note 42. Current and non Current classification - Statement of Assets and liabilities as at March 31, 2020

(₹ in Millions)

Sr. No	Particulars	Current	Non Current	Total
	ASSETS			
1	**Financial Assets**			
(a)	Cash and cash equivalents	9,251.67	-	**9,251.67**
(b)	Bank balance other than (a) above	3,552.03	4.60	**3,556.63**
(c)	Receivables			
	(I) Trade receivables	181.63	-	**181.63**
(d)	Loans	38,039.43	91,333.78	**129,373.21**
(e)	Investments	385.34	148.75	**534.09**
(f)	Other financial assets	23.66	1,352.12	**1,375.78**
2	**Non-financial Assets**			
(a)	Current tax assets (net)	-	128.05	**128.05**
(b)	Deferred tax assets (net)	-	336.60	**336.60**
(c)	Investment Property	-	111.83	**111.83**
(d)	Property, plant and equipment	-	48.72	**48.72**
(e)	Right of use assets	-	238.35	**238.35**
(f)	Other intangible assets	-	2.94	**2.94**
(g)	Other non-financial assets	32.78	2.66	**35.44**
(h)	Assets held for sale	-	-	**-**
	Total Assets	**51,466.54**	**93,708.40**	**145,174.94**
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Derivative financial instruments	-	150.27	**150.27**
(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	290.74	-	**290.74**
(c)	Lease Liabilities	49.69	203.80	**253.49**
(d)	Debt securities	8,481.83	15,185.78	**23,667.61**
(e)	Borrowings (other than debt securities)	23,397.96	71,636.22	**95,034.18**
(f)	Subordinated liabilities	154.14	4,594.61	**4,748.75**
(g)	Other financial liabilities	2,582.77	-	**2,582.77**
2	**Non-financial Liabilities**			
(a)	Current tax liabilities (net)	76.14	-	**76.14**
(b)	Provisions	129.36	30.74	**160.10**
(c)	Other non-financial liabilities	210.75	-	**210.75**
3	**Equity**			
(a)	Equity share capital	-	209.68	**209.68**
(b)	Other equity	-	17,790.46	**17,790.46**
	Total liabilities and equity	**35,373.38**	**109,801.56**	**145,174.94**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

43. RBI DISCLOSURES

43 A. Disclosure made vide Notification no. DOR.No.BP.BC.63/21.04.048/2019-20 April 17, 2020 on COVID19 Regulatory Package - Asset Classification and Provisioning

Covid 19 and its impact on business

RBI through its circulars dated March 27, 2020, April 17, 2020 and May 23, 2020 on Covid-19 regulatory package permitted HFC's to grant a moratorium to their customers on the payment of instalments and/or interest, falling due between March 01, 2020 and August 31, 2020. The Company had accordingly extended the moratorium option to its borrowers in accordance with its Board approved policies.

Post internal assessments and analysis company has provided moratorium to customers across different products. This moratorium will not impact the assets classifications of the accounts. Also extra provision in respect to these account is duly provided as per the regulatory notifications & ECL assessment.

(₹ in Millions)

Particulars	March 31, 2021	March 31, 2020
Respective amounts in overdue categories, where the moratorium/deferment was extended	13,158.19^	13,555.14
Respective amount where asset classification benefits is extended*	-	2,566.53
Provisions made in terms of paragraph 5**	-	492.19
Provisions adjusted during the respective accounting periods against slippages and the residual provisions**	-	-
Residual provisions in terms of paragraph 6 of the circular**	-	492.19

^ Position as at February 29, 2020.

*As per Supreme Court Judgement assets classification benefit has been withdrawn. Consequently, there are no assets as on march 31, 2021 wherein assets classification benefit has been extended.

**The Company has made adequate provision for impairment loss allowances (as per ECL Model) for the year ended March 31, 2021.

43 B. Disclosure made vide Notification "RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21" dated August 06, 2020 on Resolution Framework for COVID-19-related Stress.

(₹ in Millions)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window*	(B) exposure to accounts mentioned at (A) before implementation of the plan*	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan**
Personal Loans	1064	1,259.78		-	-
Corporate persons	3	172.32			-
of which MSMEs	-	-	-	-	-
Others	229	356.45	-	3.04	-
Total	**1,296**	**1,788.55**	**-**	**3.04**	**-**

* Consists of all the cases where resolution plan has been implementated.

**The Company has made adequate provision for impairment loss allowances (as per ECL Model) for the year ended March 31, 2021.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

43 C. Disclosure made vide Notification No - RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 on "Implementation of Indian Accounting Standards".

(₹ in Millions)

Type of Borrower	Asset Classification as per Ind AS 109	Gross carrying Amount Ind AS*	Loss Allowances (Provisions) as required under Ind AS 109*	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	137,577.71	2,043.02	135,534.69	851.73	1,191.29
	Stage 2	9,368.30	861.74	8,506.56	43.58	818.16
Subtotal		**146,946.01**	**2,904.76**	**144,041.25**	**895.31**	**2,009.45**
Non-Performing Asset						
Substandard	Stage 3	1,708.06	734.34	973.72	233.47	500.87
Doubtfull upto 1 year	Stage 3	1,022.57	501.30	521.26	208.38	292.92
1 to 3 years	Stage 3	643.65	358.13	285.52	197.43	160.70
More than 3 years	Stage 3	153.51	98.38	55.14	97.42	0.95
Subtotal for doubtful		**1,819.73**	**957.81**	**861.92**	**503.23**	**454.58**
Loss	Stage3	-	-	-	-	-
Subtotal for NPA*		**3,527.79**	**1,692.15**	**1,835.64**	**736.70**	**955.45**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norm	Stage 1	13,950.15	84.14	13,866.01	-	84.14
	Stage 2	354.94	3.14	351.80	-	3.14
	Stage 3	-	-	-	-	-
Subtotal for Other Items		**14,305.09**	**87.27**	**14,217.81**	**-**	**87.27**
Total	**Stage 1**	**151,527.86**	**2,127.16**	**149,400.70**	**851.73**	**1,275.43**
	Stage 2	**9,723.24**	**864.88**	**8,858.36**	**43.58**	**821.30**
	Stage 3	**3,527.79**	**1,692.15**	**1,835.64**	**736.70**	**955.45**
	Total	**164,778.89**	**4,684.19**	**160,094.70**	**1,632.01**	**3,052.18**

*Includes Assets held for sale aggregating to ₹ 139.46 Millions (Net of ECL Provision) for which disposal is under process as per SARFAESI Act.(Refer Note No. 14).

In terms of the requirement as per RBI notifications no.RBI/2019-20/170DOR(NBFC).CC.PDNo.109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards,Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at March 31, 2021 and accordingly, no amount is required to be transferred to impairment reserve.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

43 D. Annex III Schedule to the Balance Sheet

(₹ in Millions)

	Particulars	As at March 31, 2021		As at March 31, 2020	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Liabilities side				
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**				
	(a) Debentures : Secured	21,027.50	-	23,667.61	
	: Unsecured	4,366.73	-	4,748.75	-
	(other than falling within the meaning of public deposits)				-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	98,315.18	-	87,855.93	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	-	-	-	-
	Securitisation Liability	5,453.04	-	6,698.24	
	Cash credit / Overdraft from Banks	940.00	-	480.00	
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-

	Assets side	Amount outstanding	Amount outstanding
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	150,448.72	129,901.19
	(b) Unsecured	25.08	1,535.10
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards asset financing activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

	Assets side	Amount outstanding	Amount outstanding
5	**Break-up of Investments**		
	Current Investments		
	1 Quoted		
	(i) Shares		
	(a) Equity	-	378.52
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2 Unquoted		
	(i) Shares	-	-
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	Long Term investments		
	1 Quoted		
	(i) Shares	-	-
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2 Unquoted		
	(i) Shares	-	-
	(a) Equity	1,546.23	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	125.97	155.57
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-

6	**Borrower group-wise classification of assets financed as in (3) and (4) above:**						
	Category	**Amount net of provisions**			**Amount net of provisions**		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1 Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	1,535.10	1,535.10
	(c) Other related parties	-	-	-	-	-	-
	2 Other than related parties	145,788.69	-	145,788.69	127,838.11	-	127,838.11
	Total	**145,788.69**	**-**	**145,788.69**	**127,838.11**	**1,535.10**	**129,373.21**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Category			As at March 31, 2021		As at March 31, 2020	
			Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
7	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**					
	1	Related Parties				
		(a) Subsidiaries	-	-	-	-
		(b) Companies in the same group	1,623.77	1,546.23	-	-
		(c) Other related parties	-	-	-	-
	2	Other than related parties	125.97	125.97	534.09	534.09
		Total	**1,749.74**	**1,672.20**	**534.09**	**534.09**

Particulars			Amount	Amount
8	**Other information**			
	(i)	Gross Non-Performing Asset		
		(a) Related parties	-	-
		(b) Other than related parties	3,527.79	2,342.73
	(ii)	Net Non-Performing Assets		
		(a) Related parties	-	-
		(b) Other than related parties	1,835.64	1,569.54
	(iii)	Assets acquired in satisfaction of debt (Note)		

Note:

Assets classified as Assets held for sale are disclosed sepreatly in the financial statement as per requirements of IND AS 105. For the purpose of reporting above, such assets aggregating to ₹ 229.68 Millions and ₹ 139.46 Millions have been presented as a part of Gross Non Performing Assets and Net Non-Performing Assets respectively.

44. DISCLOSURES AS PER THE NON-BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021:

The following additional disclosures have been given in terms of the Notification RBI/2020-21/73 DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated February 17, 2021.

The below mentioned notes have been prepared as per Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 ("IND AS"). The comparative previous year figures, wherever applicable, have been presented on the basis of erstwhile IGAAP and hence may not be comparable.

44.1. Public disclosure on liquidity risk:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in Millions)

No. of significant counterparties	Amount	% of Total Deposits	% of Total Liabilities*
15	111,784.13	NA	80.82%

*Note : Total Liabilities has been computed as Total Liabilities less Equity share capital less Other Equity

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(ii) Top 20 large deposits (amount in Rs Millions and % of total deposits) – Not Applicable

(iii) Top 10 borrowings

(₹ in Millions)

Particulars	Amount	% of Total Borrowings
Top 10 Borrowings	100,863.54	77.53%

(iv) Funding Concentration based on significant instrument/product:

(₹ in Millions)

Name of the Product	Amount	% of Total Liabilities*
Non Convertible Debentures	25,394.23	18.36%
Term Loans	98,315.18	71.08%
Securitisation	5,453.04	3.94%
Cash Credit / Overdraft Facilties	940.00	0.68%

*Note : Total Liabilities has been computed as Total Liabilities less Equity share capital less Other Equity

(v) Stock Ratios:

Stock Ratio	%
Commercial papers as a % of total liabilities	0%
Commercial papers as a % of total assets	0%
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	Nil
Non-convertible debentures (original maturity of less than one year) as a % of total assets	Nil
Other short-term liabilities as a % of total liabilities	35.55%
Other short-term liabilities as a % of total assets	30.78%

(vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite and guard-rails approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board.

ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time.

The Company also manages liquidity risk by maintaining sufficient cash and by having access to funding through an adequate amount of credit lines. The Company 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.

44.2. Disclosure on Principal business criteria

Particulars	March 31, 2021
Total Housing Loans (%)	61.18%
Individual Housing Loans (%)	55.77%

*% of Total assets netted of intangibale assets.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

44.3. Other Disclosures as per the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

I. Capital

(₹ in Millions)

Particulars		March 31, 2021	March 31, 2020
(i)	CRAR %	22.98	23.71
(ii)	CRAR - Tier I Capital (%)	19.61	18.35
(iii)	CRAR - Tier II Capital (%)	3.37	5.36
(iv)	Amount of subordinated debt raised as Tier- II Capital	3,935.16	4,435.16
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

II) Reserve fund u/s 29C of NHB Act, 1987

(₹ in Millions)

Particulars			March 31, 2021	March 31, 2020
Balance at the beginning of the year				
a)	Amount of special reserve U/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve U/s 29C of the NHB Act, 1987		1,844.41	1,458.16
b)	Statutory Reserve U/s 29C of the NHB Act, 1987		224.29	117.54
c)	**Total**		**2,068.70**	**1,575.70**
	Addition/Appropriation/Withdrawal during the year			
	Add: a)	Amount of special reserve U/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve U/s 29C of the NHB Act, 1987	780.17	386.25
	b)	Amount transferred U/s 29C of the NHB Act, 1987	24.83	106.75
	Less: a)	Amount withdrawn from the Special Reserve U/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision U/s 29C of the NHB Act, 1987	-	-
	b)	Amount appropriated from the Statutory Reserve U/s 29C of the NHB Act, 1987	-	-
	Balance at the end of the year			
	a)	Amount of special reserve U/s 36(1)(viii) of Income Tax Act,1961 taken into account for the purposes of Statutory Reserve U/s 29C of the NHB Act, 1987	2,624.58	1,844.41
	b)	Statutory Reserve U/s 29C of the NHB Act, 1987	249.12	224.29
	c)	**Total**	**2,873.70**	**2,068.70**

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

III) Investments

(₹ in Millions)

Particulars	March 31, 2021	March 31, 2020
A) Value of Investments		
(i) Gross Value of Investments		
(a) In India*	1,747.04	617.51
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	4.79	83.43
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	1,742.25	534.09
(b) Outside India	-	-
B) Movement of provisions held towards depreciation on investments		
(i) Opening balance	83.43	-
(ii) Add: Provisions made during the year	4.79	83.43
(iii) Less: Write-off / Write back of excess provisions during the year	83.43	-
(iv) Closing balance	4.79	83.43

* Includes investment property of ₹ 74.84 Millions.

IV) Derivatives

a. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in Millions)

Particulars	March 31, 2021	March 31, 2020
(i) The notional principal of swap agreements	3,630.75	3,630.75
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	The Company has entered into derivatives contract with the Schedule Commercial Banks	
(v) The fair value of the swap book	292.08	150.27

b. Exchange Traded Interest Rate (IR) Derivative

(₹ in Millions)

Particulars	March 31, 2021
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2021 (instrument wise)	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)	-

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Particulars		March 31, 2020
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument- wise)	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2020 (instrument-wise)	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)	-

c. Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

The Company has to manage various risks associated with the lending business. These risks include liquidity risk, exchange risk, interest rate risk and counterparty risk.

To manage these risks, the company has board approved policy framework for derivatives, consistent with its general corporate responsibility for corporate governance. The management of derivative activity would be further integrated into the company's overall risk management system.

The rationale for hedging risk in case of the company is to reduce potential costs of financial distress by making the company less vulnerable to adverse market movements in interest rate, exchange rate etc. and also create a stable planning environment to avoid huge fluctuations on the financials of the company due to market movements.

Objectives of the policy

- Identify and manage the company's debt and related interest rate risk
- Reduce overall interest cost of the company
- Management of foreign currency positions, derivative transactions and related risks
- To evaluate and measure these risks and their sensitivity to operations
- Establish processes for monitoring and control of the risks as per policy
- Effective MIS and regular reporting of positions and risks to the Risk Management Committee

B. Quantitative Disclosure

(₹ in Millions)

Particulars			Currency Derivatives March 31, 2021	Interest Rate Derivatives March 31, 2021
(i)	Derivatives (Notional Principal Amount) For hedging		3,630.75	-
(ii)	Marked to Market Positions			
	(a)	Assets (+)	-	-
	(b)	Liability (-)	292.08	-
(iii)	Credit Exposure		-	-
(iv)	Unhedged Exposures		-	-

(₹ in Millions)

Particulars			Currency Derivatives March 31, 2020	Interest Rate Derivatives March 31, 2020
(i)	Derivatives (Notional Principal Amount) For hedging		3,630.75	-
(ii)	Marked to Market Positions			
	(a)	Assets (+)	-	-
	(b)	Liability (-)	150.27	-
(iii)	Credit Exposure		-	-
(iv)	Unhedged Exposures		-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

V) Details on Securitisation

a) Securitisation transactions under SPV Structure sponsored by HFC

(₹ in Millions)

Particulars	March 31, 2021	March 31, 2020
1) No of SPVs sponsored by the HFC for securitisation transactions	9	9
2) Total amount of securitised assets as per books of the SPVs sponsored	5,374.25	6,408.61
3) Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
I) Off-balance sheet exposures towards Credit Enhancements	-	-
II) On-balance sheet exposures towards Credit Enhancements	1,437.69	1,437.69
4) Amount of exposures to securitisation transactions other than MRR		
I) Off-balance sheet exposures towards Credit Enhancements		
(a) Exposure to own securitisations	-	-
b) Exposure to third party securitisations	-	-
II) On-balance sheet exposures towards Credit Enhancements		
(a) Exposure to own securitisations	462.87	430.43
(b) Exposure to third party securitisations	-	-

b) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
(i) No. of accounts	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	-	-

c) Details of Assignment transactions undertaken

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
(i) No. of accounts	10,967	11,305
(ii) Aggregate value (net of provisions) of accounts assigned	14,887.13	20,832.52
(iii) Aggregate consideration	14,887.13	20,832.52
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

d) Details of non-performing financial assets purchased/sold

Details of non-performing financial assets purchased

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
1) (a) No. of accounts purchased during the year	-	-
(b) Aggregate outstanding	-	-
2) (a) Of these, number of accounts restructured during the year	-	-
(b) Aggregate outstanding	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

Details of non-performing financial assets sold

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
(i) No. of accounts sold	-	-
(ii) Aggregate outstanding	-	-
(iii) Aggregate consideration received	-	-

VI) Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

(₹ in Millions)

Particulars	1 day to 7 days (one month)	8 day to 15 days (one month)	15 day to 30/31 days (one month)	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Borrowings from Bank	709.87	-	526.75	4,716.98	2,748.85	8,119.68	11,655.58	34,941.73	14,992.51	17,075.94	**95,487.89**
	-	-	(1,139.42)	(598.21)	(3,263.90)	(6,321.15)	(10,985.94)	(37,522.26)	(14,296.73)	(10,204.75)	**(84,332.36)**
Market Borrowing	434.80	83.44	684.22	1,299.68	2,197.30	5,460.25	2,658.42	3,154.63	3,613.64	11,260.89	**30,847.27**
	(460.00)	-	(2,500.00)	(1,101.25)	-	(1,150.00)	(1,406.25)	(10,509.30)	(3,367.05)	(4,600.00)	**(25,093.85)**
Foreign Currency Liabilities	-	-	-	116.38	-	-	-	3,650.89	-	-	**3,767.27**
	-	-	-	-	-	-	-	-	(3,769.30)	-	**(3,769.30)**
Assets											
Advances	861.28	693.14	4,094.22	2,744.67	2,747.76	7,406.85	13,590.95	44,229.94	25,045.16	44,374.71	**145,788.68**
	(187.57)	(33.71)	(3.09)	(229.02)	(1,110.54)	(3,862.69)	(5,725.36)	(32,621.27)	(19,758.79)	(58,061.76)	**(121,593.80)**
Investments	0.17	0.17	-	0.34	0.34	1.04	2.16	9.59	10.83	1,647.55	**1,672.19**
	(378.52)	-	-	-	-	-	-	-	-	-	**(378.52)**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**

Figures in Brackets represents previous year's figures.

Maturity pattern of Advances disclosed above are based on behavioural maturity pattern.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

VII) Exposure

a) Exposure to Real Estate Market

(₹ in Millions)

Category		March 31, 2021	March 31, 2020
a)	**Direct exposure**		
(i)	**Residential Mortgages-**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	138,854.54	99,444.15
(ii)	**Commercial Real Estate-**		
	Lending secured by mortgages on commercial real estate's (office buildings retail space multipurpose commercial premises multi-family residential buildings multi-tenanted commercial premises industrial or warehouse space hotels land acquisition development and construction etc.).Exposure would also include non-fund based(NFB)limits;	11,619.26	24,094.95
(iii)	**Investments in Mortgage Backed Securities(MBS) and other securitised exposures-**		
	a. Residential	125.97	-
	b. Commercial Real Estate	-	-
b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank(NHB) and Housing Finance Companies(HFCs)	-	-

Exposure includes amount outstanding including principal, and interest accrued.

b) Exposure to Capital Market

(₹ in Millions)

Category		March 31, 2021	March 31, 2020
i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	378.52
ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-
v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii)	bridge loans to companies against expected equity flows / issues;	-	-
viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

Note: Investments are shown as net of provision for mark to market.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

c) **Details of financing of parent company products:** The Company does not have any exposure in financing of parent company products

d) **Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC:** The Company has not exceeded the SGL and GBL Limits.

e) **Unsecured Advances:** The Company does not have any unsecured advances in the form of rights, licenses, authorisations, etc. that are charged as collateral for the purposes of financing. The Company does not have any unsecured advances other than those mentioned in Note 7.

f) **Exposure to group companies engaged in real estate business**

(₹ in Millions)

Description	March 31, 2021	March 31, 2020
i) Exposure to any single entity in a group engaged in real estate business	-	-
ii) Exposure to all entities in a group engaged in real estate business	-	-

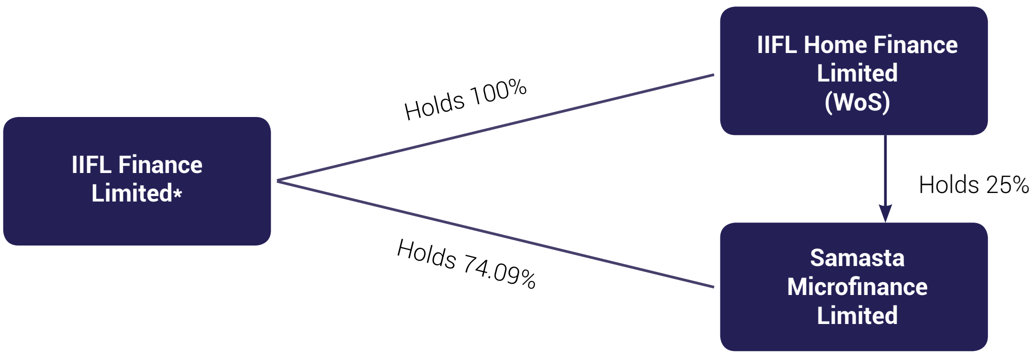
44.4. Miscellaneous

I) **Details of registration obtained from other financial regulators:** The Company is acting as corporate agent for general insurance business. It has obtained license from Insurance Regulatory and Development Authority of India (IRDA) (Registration Number CA0453).

II) **Penalties imposed by NHB or any other regulators:** During the year the company has paid a penaly of ₹ 1.85 Millions excluding GST.

III) **Related Party Transactions:** Related party transaction details have been disclosed under Note 41.

IV) **Group Structure as on March 31, 2021:**



*Formerly Known as IIFL Holdings Limited

V) **Note on Rating assigned by Credit Rating Agencies and migration of rating during the year**

a) Ratings Assigned by Credit Rating Agencies as at March 31, 2021

(₹ in Millions)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
Non Convertible Debentures	CRISIL Limited	CRISIL AA/Stable reaffirmed	21,520.00
Subordinated Debt	CRISIL Limited	CRISIL AA/Stable	2,000.00
Principal Protected Market Linked Non-Convertible Subordinated Debentures	CRISIL Limited	CRISIL PP-MLD AAr/ Stable reaffirmed	2,000.00
Long Term Principal Protected Market Linked Debentures	CRISIL Limited	CRISIL PP-MLD AAr/ Stable reaffirmed	3,000.00
Total Bank Loan Facilities Rated	CRISIL Limited	CRISIL AA/Stable reaffirmed	60,000.00
Commercial Paper	CRISIL Limited	CRISIL A1+ reaffirmed	50,000.00
Commercial Paper Programme	ICRA Limited	[ICRA]A1+ reaffirmed	50,000.00

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(₹ in Millions)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
Non-convertible Debenture Programme	ICRA Limited	[ICRA]AA / Negative reaffirmed	32,640.00
Subordinate Debt programme	ICRA Limited	[ICRA]AA / Negative Reaffirmed	4,000.00
Long Term Fund Based Bank Lines Programme	ICRA Limited	[ICRA]AA / Negative Reaffirmed	50,000.00
Long term principal protected market linked debenture programme	ICRA Limited	PP-MLD[ICRA]AA / Negative Reaffirmed	2,000.00
Non-Convertible Debentures (NCD)	CARE Ratings	"CARE AA; Negative [Double A; Outlook: Negative]"	220.00
Unsecured Subordinated NCDs	Brickwork Ratings	BWR AA+ 'Negative'	1,000.00
Subordinated NCDs	Brickwork Ratings	BWR AA+ 'Negative'	2,350.00
Secured NCDs	Brickwork Ratings	BWR AA+ 'Negative'	250.00

b) Details of Migration of Ratings during 2020-21

(₹ in Millions)

Instrument	Name of the Rating Agency	Amount Rated	Rating in FY 2020-21	Rating in FY2019-20
Non-Convertible Debentures (NCD)	CARE Ratings	220.00	CARE AA; Negative [Double A; Outlook: Negative]	CARE AA; Stable [Double A; Outlook: Stable]

a) Ratings Assigned by Credit Rating Agencies as at March 31, 2020

(₹ in Millions)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
Non Convertible Debentures	CRISIL Limited	CRISIL AA/Stable	17,500.00
Subordinated Debt	CRISIL Limited	CRISIL AA/Stable	2,000.00
Principal Protected Market Linked Non-Convertible Subordinated Debentures	CRISIL Limited	CRISIL PP-MLD AAr/ Stable	2,000.00
Long Term Principal Protected Market Linked Debentures	CRISIL Limited	CRISIL PP-MLD AAr/ Stable	3,000.00
Total Bank Loan Facilities Rated	CRISIL Limited	CRISIL AA/Stable	45,000.00
Commercial Paper	CRISIL Limited	CRISIL A1+	50,000.00
Commercial Paper Programme	ICRA Limited	[ICRA]A1+	50,000.00
Non-convertible Debenture Programme	ICRA Limited	[ICRA]AA / Negative	40,000.00
Subordinate Debt programme	ICRA Limited	[ICRA]AA / Negative	6,000.00
Long Term Fund Based Bank Lines Programme	ICRA Limited	[ICRA]AA / Negative	50,000.00
Long term principal protected market linked debenture programme	ICRA Limited	PP-MLD[ICRA]AA / Negative	2,000.00
Non-Convertible Debentures (NCD)	CARE Ratings	"CARE AA; Stable [Double A; Outlook: Stable]"	4,000.00
Unsecured Subordinated NCDs	Brickwork Ratings	BWR AA+ 'Negative'	1,000.00
Subordinated NCDs	Brickwork Ratings	BWR AA+ 'Negative'	2,350.00
Secured NCDs	Brickwork Ratings	BWR AA+ 'Negative'	250.00

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

b) Details of Migration of Ratings during 2019-20

(₹ in Millions)

Instrument	Name of the Rating Agency	Amount Rated	Rating in 2020-21	Rating in 2019-20
Unsecured Subordinated NCDs	Brickwork Ratings	1,000.00	BWR AA+ 'Negative'	BWR AA+ Stable
Subordinated NCDs	Brickwork Ratings	2,350.00	BWR AA+ 'Negative'	BWR AA+ Stable
Secured NCDs	Brickwork Ratings	250.00	BWR AA+ 'Negative'	BWR AA+ Stable
Non-convertible Debenture Programme	ICRA Limited	40,000.00	[ICRA]AA / Negative	[ICRA]AA / Stable
Subordinate Debt programme	ICRA Limited	6,000.00	[ICRA]AA / Negative	[ICRA]AA / Stable
Long Term Fund Based Bank Lines Programme	ICRA Limited	50,000.00	[ICRA]AA / Negative	[ICRA]AA / Stable
Long term principal protected market linked debenture programme	ICRA Limited	2,000.00	PP-MLD[ICRA]AA / Negative	PP-MLD[ICRA] AA(stable)

VI) Remuneration of Non-Executive Directors

(₹ in Millions)

Name of Directors	Remuneration Paid FY 2020-21	Remuneration Paid FY 2019-20
Mr. Kranti Sinha	1.57	0.48
Mr. S. Sridhar	1.69	1.51
Ms. Suvalaxmi Chakraborty	1.48	1.24
Mr. AK Purwar	0.33	0.12

VII) Management : Refer the Management Discussion and Analysis section

VIII) Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no impact in the profit and loss on account of prior period items on the current year profit and loss. For any change in accounting policies refer Significant Accounting Policies Note 3.

IX) Revenue Recognition : No revenue recognition has been postponed pending the resolution of significant uncertainties.

X) Applicability of Consolidation of Financial Statements: IIFL Home Finance Limited is exempt from preparation of consolidation of financial statements. The holding company i.e. IIFL Finance Limited (L67100MH1995PLC093797) will prepare consolidated financial statements as per Rule 6 of Companies (Accounts) Rules, 2014 as amended by Companies (Accounts) Amendment Rules, 2016 notified on July 27, 2016.

44.5.Additional Disclosures

I) Details on Provisions and Contingencies

a) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(₹ in Millions)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	FY 2020-21	FY 2019-20
Provisions for depreciation on Investment	4.79	83.43
Provision made towards Income tax	1,088.89	651.28
Provision towards NPA	918.96	391.20
Provision for Standard Assets	**1,702.12**	**629.60**
CRE – Residential	45.93	190.82
CRE – Others	-32.67	6.78
Others	1,688.86	432.00

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

b) Break up of Loans and Advances and Provisions thereon

(₹ in Millions)

Breakup of Loans and Advances and Provisions thereon	Housing		Non-Housing	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Standard Assets				
a) Total Outstanding Amount	99,871.14	82,351.88	47,074.87	39,222.67
b) Provisions made	1,836.19	663.36	1,155.84	485.64
Sub-Standard Assets				
a) Total Outstanding Amount	732.20	733.76	975.85	634.08
b) Provisions made	259.84	377.63	474.50	358.81
Doubtful Assets - Category I				
a) Total Outstanding Amount	577.30	241.59	445.27	94.56
b) Provisions made	254.19	170.41	247.11	70.04
Doubtful Assets - Category II				
a) Total Outstanding Amount	369.99	170.55	273.66	131.71
b) Provisions made	184.40	157.34	173.73	118.77
Doubtful Assets - Category III				
a) Total Outstanding Amount	69.59	-	83.92	-
b) Provisions made	42.91	-	55.47	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total Outstanding Amount	**101,620.22**	**83,497.79**	**48,853.57**	**40,083.02**
b) Provisions Amount	**2,577.53**	**1,368.74**	**2,106.65**	**1,033.26**

II) Details on drawn drown from reserves

The disclosure pertaining to drawn down from Reserves has been disclosed shown in Other Equity (Refer Note 23).

III) Concentration of Public Deposits, Advances, Exposures and NPAs

a) Concentration of Public Deposits: The Company, being a non-deposit taking housing finance company, does not hold any deposits from public.

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total deposits of twenty largest depositors	-	-
Percentage of deposits of twenty largest depositors to total deposits of the deposit taking HFC	-	-

b) Concentration of Loans & Advances

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Loans & Advances to twenty largest borrowers	10,456.98	10,600.25
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	6.95%	8.71%

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

c) Concentration of all Exposure (including off-balance sheet exposure)

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers	11,261.20	11,712.10
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	6.82%	8.57%

Note: Exposure includes amount outstanding including principal, interest accrued and sanctioned but undisbursed.

d) Concentration of NPAs

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top ten NPA accounts	733.45	424.02

e) Sector wise NPAs - Percentage of NPAs to Total Advances in that sector

(₹ in Millions)

Sector	As at March 31, 2021*	As at March 31, 2020
A. Housing Loans		
1. Individuals	1.82%	1.52%
2. Builders/Project Loans	0.75%	0.61%
3. Corporates	-	-
4. Others (specify)	-	-
B. Non-Housing Loans		
1. Individuals	3.61%	1.91%
2. Builders/Project Loans	4.21%	3.29%
3. Corporates	3.56%	2.51%
4. Others (specify)	-	-

*Includes interest accrued.

IV) Movement of NPAs

(₹ in Millions)

Particulars	As at March 31, 2021*	As at March 31, 2020
(I) Net NPAs to Net Advances (%)	1.24%	0.62%
(II) Movement of NPAs (Gross)		
a. Opening balance	2,342.73	1,153.63
b. Additions during the year	1,942.60	1,512.87
c. Reductions during the year	(757.54)	(660.26)
d. Closing balance	**3,527.79**	**2,006.24**
(III) Movement of NPAs (Net)		
a. Opening balance	1,569.54	388.64
b. Additions during the year	793.66	648.32
c. Reductions during the year	(527.57)	(283.71)
d. Closing balance	**1,835.64**	**753.25**
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a. Opening balance	773.19	765.00
b. Provisions made during the year	1,148.93	920.32
c. Write-off/write-back of excess provisions	(229.97)	(432.32)
d. Closing balance	**1,692.15**	**1,253.00**

*Closing and opening of Gross Non Performing Asset includes Interest Accrued and others of ₹ 603.20 Millions and ₹ 290.43 Millions respectively.

NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

V) Overseas Assets

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
N.A.	N.A.	N.A.

VI) Off-balance Sheet SPVs sponsored which are required to be consolidated as per accounting Norms

Name of the SPV Sponsored	Domestic	Overseas
NA.	N.A.	N.A.

VII) Percentage of outstanding loans granted against the collateral gold jewellery to the outstanding total assets is ₹ Nil. (P.Y. ₹ Nil.)

VIII) Information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries : The company have operations only in India and does not have any joint venture partners with regard to joint ventures and overseas subsidiaries.

44.6. Disclosure of Complaints

I) Details on Customer Complaints

Particulars	FY 2020-21	FY 2019-20
a) No. of complaints pending at the beginning of the year	24	21
b) No. of complaints received during the year	1,108	1,036
c) No. of complaints redressed during the year	1,099	1,033
d) No. of complaints pending at the end of the year	**33**	**24**

45. Previous Year's figure have been re-grouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

46. These financial statements were authorised for issue by the Company's Board of Directors on April 28, 2021.

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

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: April 28, 2021

NOTES

NOTES

Corporate Information

BOARD OF DIRECTORS

Mr. S. Sridhar
Chairman & Independent Director

Mr. Kranti Sinha
Independent Director

Mr. Arun Kumar Purwar
Independent Director

Ms. Suvalaxmi Chakraborty
Independent Director

Mr. Nirmal Jain
Non-Executive Director

Mr. R. Venkataraman
Non-Executive Director

Mr. Monu Ratra
Executive Director & CEO

Chief Financial Officer
Mr. Amit Kumar Gupta

Company Secretary
Mr. Ajay Jaiswal

Auditors
M/s. MP Chitale & Co.
Chartered Accountants

Internal Auditors
M/s. KPMG
Chartered Accountants

COMMITTEES OF BOARD

Audit Committee
Mr. S. Sridhar
Mr. Kranti Sinha
Mr. R. Venkataraman
Ms. Suvalaxmi Chakraborty

Nomination and Remuneration Committee
Mr. Kranti Sinha
Mr. S. Sridhar
Mr. R. Vekataraman

CSR Committee
Mr. Kranti Sinha
Mr. R. Venkataraman
Mr. Monu Ratra

Risk Management Committee
Mr. S. Sridhar
Mr. Kranti Sinha
Ms. Abhishikta Munjal
Mr. Amit Gupta
Mr. Govind Modani

Asset Liability Committee (ALCO)
Mr. Monu Ratra
Mr. R. Venkataraman
Mr. Nirmal Jain

Core Management Team

Ms. Abhishikta Chadda Munjal
Chief Risk Officer

Ms. Anjali Chadha
Head – Operations & Customer Service

Mr. Govind Modani
Head – Treasury

Mr. Iqbal Farooqui
Head – Collections & Recovery

Mr. Lokesh Goyal
Head – Collateral Risk

Ms. Madhvi Gupta
Head – Marketing & Communications

Mr. Manoj Kumar
Head – Legal

Mr. Mohit Kumar
Head – Credit Underwriting

Mr. Rachit Gehani
Head – Digital Strategy & New Initiatives

Ms. Rashmi Priya
Head – Human Resources

Mr. Upendra Jaiswal
Head – Internal Audit

Registrar and Transfer Agent
Link Intime India Private Limited
C 101, 247 Park,
L.B.S. Vikhroli (West),
Mumbai – 400 083

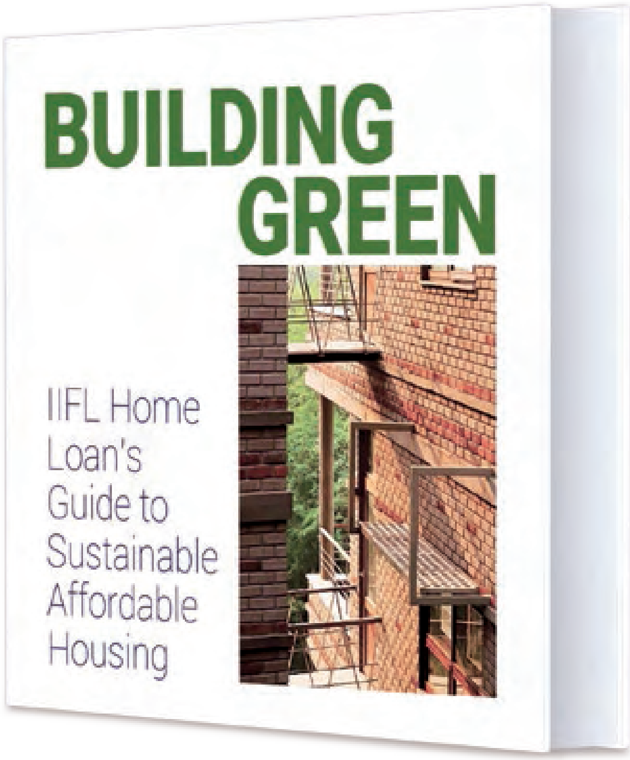
Registered Office
IIFL House, Sun Infotech Park
Road no. 16V, Plot no. B-23,
MIDC Thane Industrial Area,
Wagle Estate, Thane – 400604

Corporate Office
IIFL Tower, 98, Udyog Vihar
Phase – IV, Gurgaon - 122015

List of Bankers/ Financial Institutions

> National Housing Bank > Axis Bank > Bank of India > Bank of Maharashtra > Canara Bank > Central Bank of India > CITI Bank > Corporation Bank > HDFC Bank > IDFC Bank > ICICI Bank > IDBI Bank > Indian Bank > IndusInd Bank > Jammu and Kashmir Bank > Karnataka Bank > Kotak Mahindra Bank Limited > LIC Housing Finance Limited > Oriental Bank of Commerce > Punjab & Sind Bank > RBL Bank Limited > Standard Chartered Bank > State Bank of India > Syndicate Bank > United Bank of India > Yes Bank

CAUTIONARY STATEMENT: This document contains forward-looking statement and information. Such statements are based on our current expectations and certain assumptions and are therefore, subject to certain risk and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. IIFL Home Finance Limited does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.



IIFL Home Loan's Guide to Sustainable Affordable Housing

Rising need for affordable housing makes it imperative to facilitate eco-friendly construction practices. IIFL Home Finance consciously focuses on opportunities to promote green affordable housing in the country – encouraging dissemination of knowledge and ensuring sustainable build out in the years to come.

Responding to this need, IIFL Home Finance Limited has come together with the noted architect, Ar. Ashok B. Lall, to create a guiding handbook — ***Building Green; IIFL Home Loans' Guide to Sustainable Affordable Housing***. This handbook is aimed at providing deeper insights about the design and construction of projects to aid stakeholders achieve the desired green rating.

IIFL HOME LOAN

IIFL Home Finance Limited
CIN No. U65993MH2006PLC166475

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

Corporate Office: Plot No.98, Udyog Vihar, Phase - IV, Gurgaon – 122015
Tel: (91-22) 6788 1000 | Fax: (91-22) 6788 1010

Website: **www.iiflhomeloans.com**