

# RMG & ASSOCIATES

Company Secretaries

**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;

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- 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, Overseas 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 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 Rs. 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.

**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 06, 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 Rs. 5000 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 22<sup>nd</sup> 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 Rs. 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 Rs. 10,00,000/- (Rupees Ten Lakhs) each, aggregating to Rs. 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 Rs. 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 @ Rs. 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 23<sup>rd</sup> 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**

**Place : New Delhi**

**Date : 28-04-2021**

**UDIN : F005123C000185897**

**FCS: 5123; C.P. No.: 4095**

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

**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: 28-04-2021**

**UDIN : F005123C000185897**