IIFL FINANCE

IIFL FINANCE LIMITED

ANNUAL REPORT
2019-20

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Corporate Overview

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Financial Statements

Investor information

Market capitalisation as on March 31, 2020	:	₹ 28 billion
BSE code	:	532636
NSE symbol	:	IIFL
Bloomberg code	:	IIFL IN
Dividend declared	:	₹ 2.25 per share

We are what we do. We trust our actions.

Our theme, Seedhi Baat, reflects our culture of honesty and transparency, underpinned by strong governance across all facets of business.

We aim to provide the best solution to customers' requirements backed by complete and unbiased information, ensuring customers make informed decisions and build a foundation of trust.

Our core values of Fairness, Integrity and Transparency are the guiding principles to the way we conduct business since inception and we adhere to them in letter and spirit.

Key Highlights

(For the year ended March 31, 2020)

₹379,511 million

Assets Under Management

₹47,656 million

Net Worth

16.9%*

Return on Equity

2.2%*

Return on Assets

₹48,207 million

Total Income

₹10,072 million

Profit Before Tax and Exceptional Items

₹7,561 million

Profit After Tax (before exceptional items)

₹4,968 million

Profit After Tax (after exceptional items)

*Before impact of exceptional items including Covid related special provision of ₹ 2.1 billion (net of tax) and deferred tax assets reversal of ₹ 0.5 billion

₹13.27

Earnings per Share

₹2.25

Dividend per Share

2.31%

Gross NPA

0.97%

Net NPA

AA Stable

Credit Rating by CRISIL

2,377

Branches

18,569

Happy Employees

IIFL Finance Limited

A reflection of trust and transparency

Building on the strength of over 25 years of expertise, IIFL Finance Limited (IIFL Finance) is one of India's largest and most trusted financial services provider.

After the demerger of IIFL Securities Limited and IIFL Wealth Management Limited, IIFL Finance, along with its subsidiaries IIFL Home Finance and Samasta Microfinance, is focussed on consumer lending.

Its diverse product spectrum comprises Home Loans, Gold Loans, Business Loans including Loans against Property and MSME Financing, Microfinance, Construction and Real Estate and Capital Markets Finance.

With a strong foundation, retail focused strategy, and transparent and ethical business operations, the Company continues to deliver excellent service offerings and sustainable growth.

VISION

To be the most respected financial services company in India. Not necessarily the largest or most profitable.

VALUES

FAIRNESS

Fairness in our transactions with all stakeholders including employees, customers and vendors, bereft of fear or favour.

INTEGRITY

Integrity and honesty of utmost nature, in letter, in spirit and in all our dealings with people, internal or external.

TRANSPARENCY

Transparency in all our dealings with stakeholders, media, investors and the public at large.

Our Strategy: Retail Lending Digital Delivery

Our diversified offerings have been built on a sound understanding of customer needs.

Retail lending products have been recognised as the cornerstone of the Company's long-term strategy. Our objective is to address the emerging financial requirements of the retail lending market with our diversified credit solutions and ability to deliver superior customer experience with leading-edge technologies.

A strong physical as well as digital footprint is very important in our business, as it increases reach and access to customers. Our pan-India branches function as the human interface of our brand and add the very essential human element to our digital delivery channel.

Based on our strategy, we have identified following products as focus for growth.

Core Products

Home Loans

Gold Loans

Business Loans

Microfinance

Besides, we have two products, which are no longer focus for growth now but have historically been synergistic to our home loan product and the Group company's securities business.

Synergistic Products

Construction & Real Estate

Capital Markets

Deepening Outreach Across the Country

Our strong physical and digital infrastructure base enables us to serve our customers with the highest standards of services. Our physical branches remain an important way in which we serve our customers' needs and drive financial inclusion. Through a pan-India network of branches and customer touch points backed by a robust digital infrastructure, we provide a comprehensive range of financial products and services to our customers.

2,377

Branches across India

430

New branches added during the year

85%

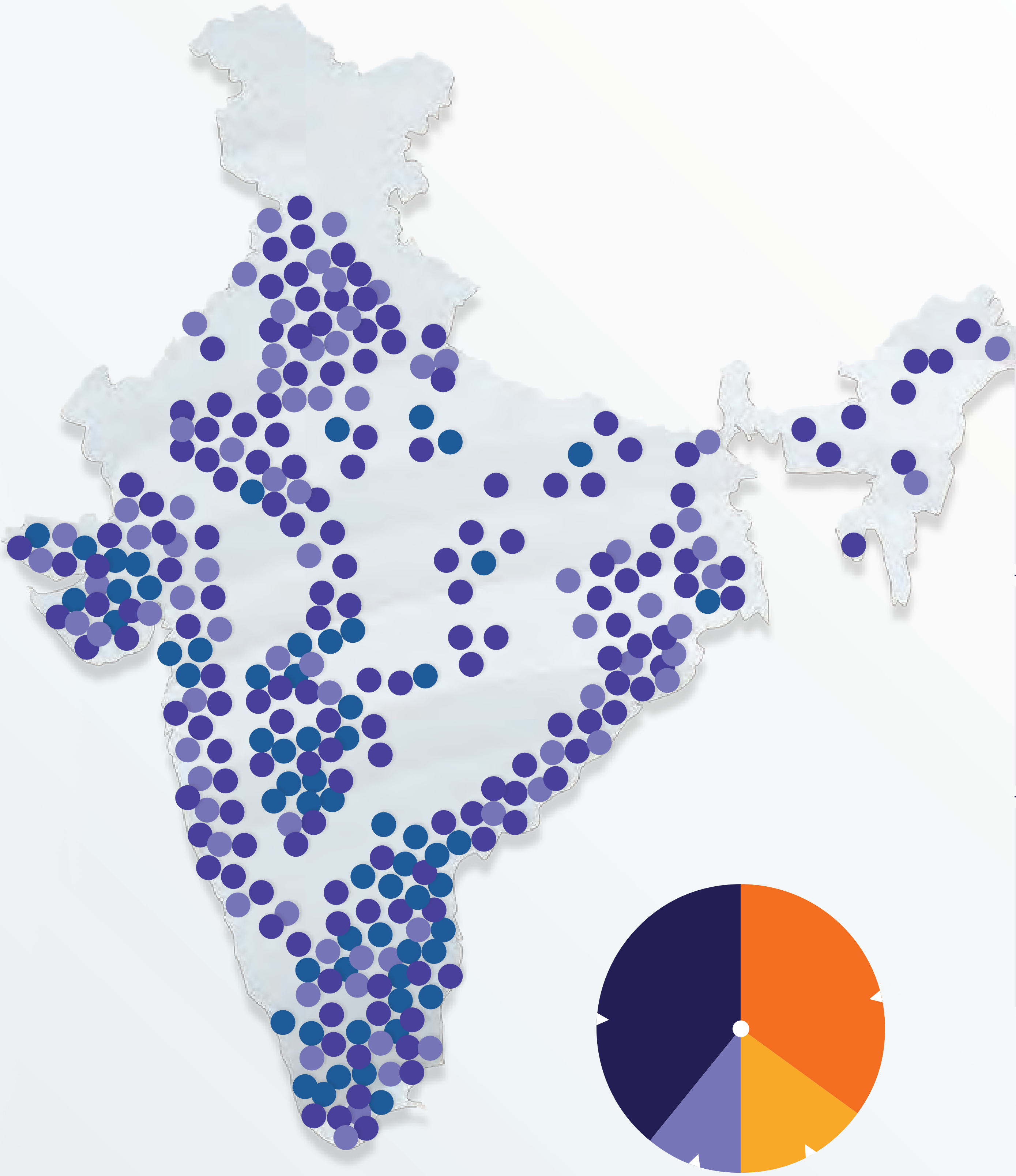
Branches in Tier-II and Tier III cities

25

States

600+

Towns/cities



South	35%
North	15%
East	11%
West	39%

This map is a generalised illustration only for the ease of the reader 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.

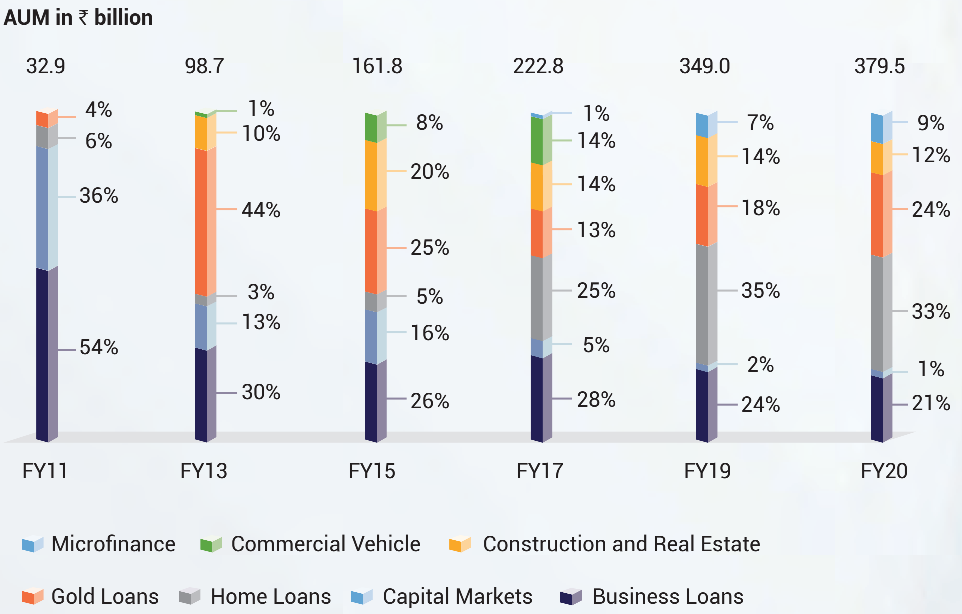

VALUE
HONESTY

Our Products

Our product portfolio comprehensively caters to the needs of all customer segments. We have, over the years, diversified into segments that are of greater relevance to the evolving business environment and customer needs and have incrementally been offering smaller ticket loans resulting in 88% of our portfolio being retail in nature as on March 31, 2020. Our diversified portfolio provides scale and diversifies risks across geographies, industries and collaterals.

Our growth focus is on our core products namely Home, Gold and Business loans, and Microfinance.

Our product offering evolution is depicted below:



Core Products

HOME FINANCE

We offer small ticket loans for home purchase, renovation, construction and plot purchase. Through 'Swaraj' home loan, we cater to the financial needs of salaried and self-employed segment who have a micro business across tier-1 suburbs, tier-II and tier-III cities in India. In line with the 'Housing for All' initiative by the Government, our affordable loan products fulfils the dream of first time home buyers.

Key highlights for the year 2019-20

- Retail home loans constituted 33% of the total AUM
- Average ticket size of home loans reduced from ₹ 3.1 million in FY 2015-16 to ₹ 1.9 million in FY20
- Over 38,000 customers were benefited with a subsidy of about ₹ 9 billion under the Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme

GOLD LOANS

We offer loan against gold jewellery for personal and business needs of small businesses, vendors, traders, farmers and salaried segment. With a hassle-free, digital process, we ensure the best-in-class service through widespread branches across the country.

Key highlights for the year 2019-20

- Gold loan AUM posted a growth of 47% Y-o-Y
- Average ticket size was ₹ 60,000
- Strong emphasis on collections and resolution resulted in negligible losses
- In-house tablet application equipped to assess customer credibility and digital on-boarding ensured faster loan processing
- Adherence to digitised security measures at branches optimised cost and reduced contingencies

BUSINESS LOANS

We primarily provide small ticket 'Insta-loans', cash flow backed business loans and loans against property. Our loan offerings fulfil the working capital and business expansion requirements of MSME customers in manufacturing, trading and service sectors.

Key highlights for the year 2019-20

- Business loans constituted 21% of the total AUM
- Average ticket size of business loans reduced from ₹ 8.9 million in FY 2015-16 to ₹ 1.8 million in FY20
- 64% of the book is collateralised
- 61% of loans disbursed were of small ticket size i.e. less than ₹ 2 million
- Launched salaried personal loan product
- Digital personal/working capital loans scheme launched in the period of pandemic to support existing customers

MICROFINANCE

We offer small ticket micro loans to self-employed women for income generating activities based on a joint liability group model. Through deep presence in rural and semi-urban areas, we promote well-being of communities through micro loans, credit linked insurance and group based savings account.

Key highlights for the year 2019-20

- Microfinance constituted 9% of the total AUM
- Average ticket size of microfinance loans stood at ₹ 20,000
- Continued our growth trajectory during the year with a healthy AUM growth of 49% y-o-y
- Crossed 1.5 million customers mark with total 561 branches in 17 states
- Stood 7th amongst all NBFC MFIs in terms of total number of branches and coverage of districts

Synergistic Products

CONSTRUCTION AND REAL ESTATE

We provide loans to developers for construction and development of residential and mixed-use projects. As a part of our retail strategy, the Company has collaborated with developers for funding the property buyers under the retail home loan category. Our construction finance vertical provides retail loans under the approved project route.

Key highlights for the year 2019-20

- Construction and Real Estate constituted 12% of the total AUM
- Average ticket size of the loans stood at ₹ 279 million

CAPITAL MARKETS

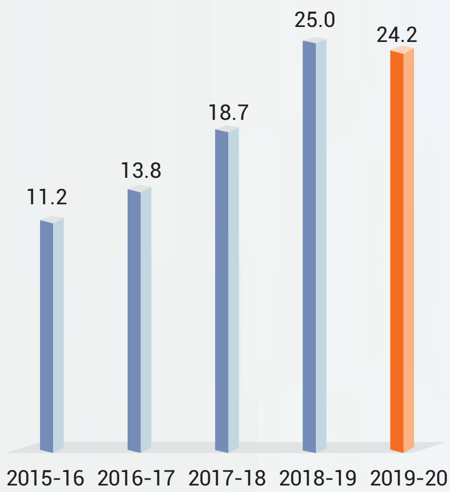
We offer short term loans secured by pledge of listed equity shares, vested ESOPs, equity and debt mutual fund units, structured notes, bonds and debentures. Through these loans, we fulfil instant liquidity needs to meet any personal exigency or to seize an attractive business opportunity.

Key highlights for the year 2019-20

- Capital Markets constituted 1% of the total AUM
- Average ticket size of the loans stood at ₹ 9 million

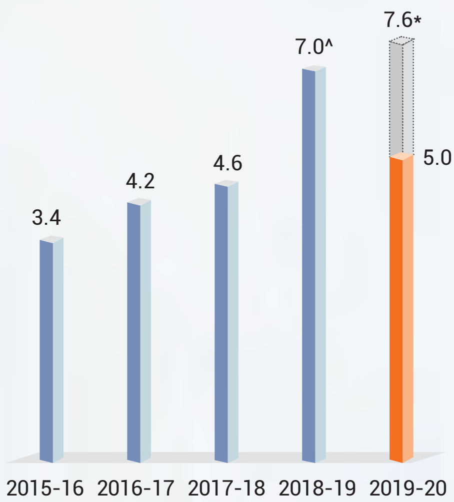
Our Financial Scorecard

Income# (₹ billion)

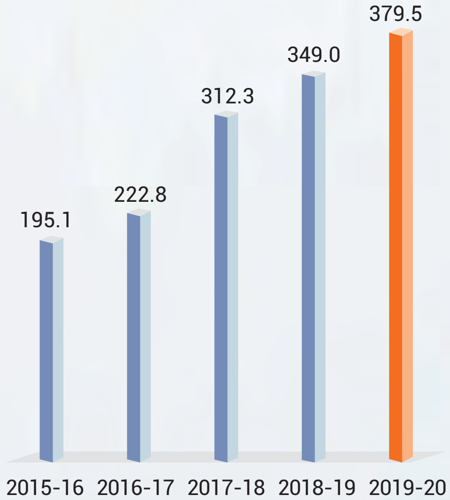


Net of interest expense

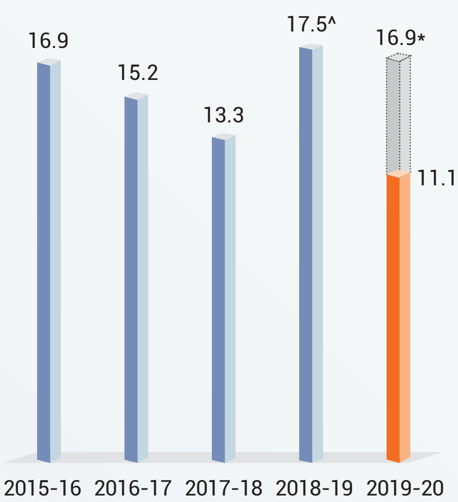
Profit after Tax (₹ billion)



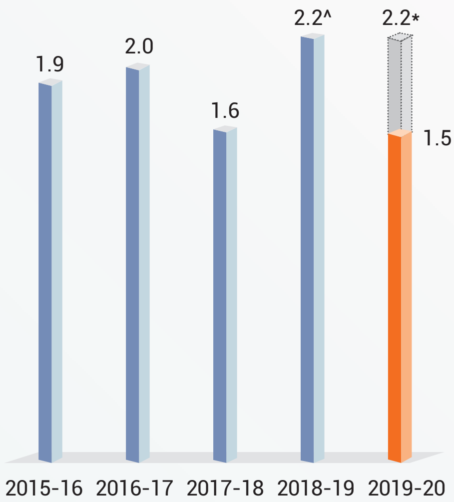
Loan Assets Under Management (₹ billion)



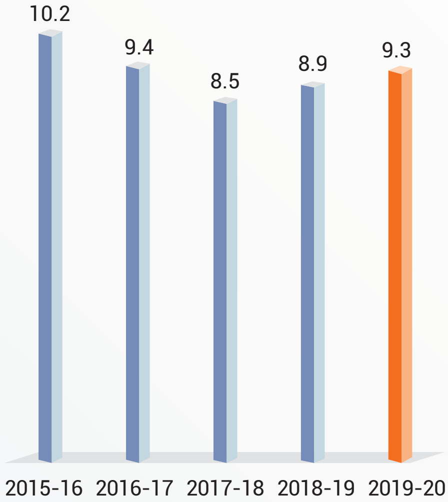
Return on Equity (%)



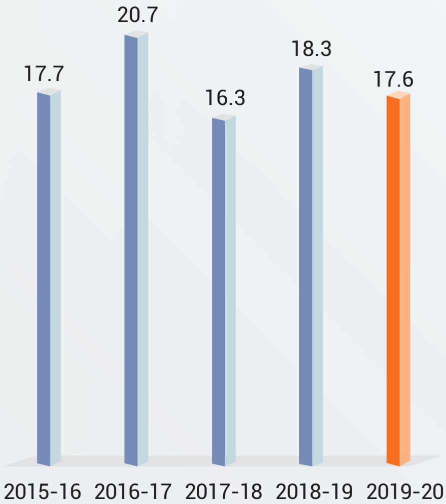
Return on Average Assets (%)



Cost of Funds (%)



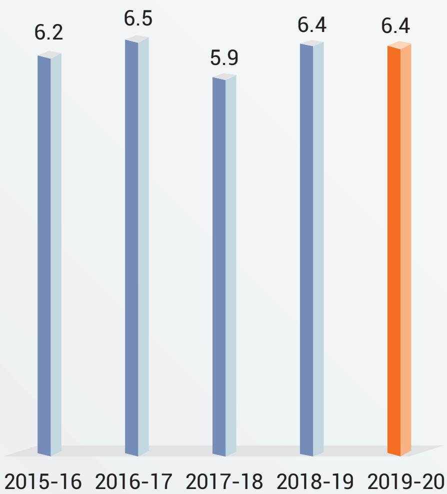
Capital Adequacy Ratio



Tier I Capital Adequacy Ratio stood at 13.1% against minimum requirement of 10%

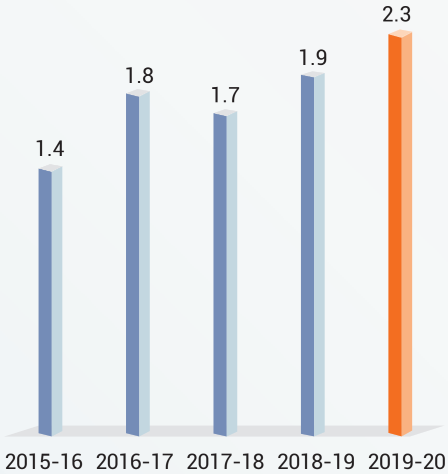
Net Interest Margin (%)

On Balance Sheet Assets



Excluding assignment income

Gross NPA (%)



- FY18 & FY19 numbers are as per IndAS. Previous years numbers are as per IGAAP
- ^ Before exceptional items of gain on divestment of commercial vehicle business of ₹ 944 million (net of tax) and goodwill write off ₹ 107 million
- *Before impact of Covid related special provision of ₹ 2.1 billion (net of tax) and reversal of deferred tax assets of ₹ 0.5 billion

IIFL Initiatives in India's Fight against Covid-19

Fight is not over but together, we shall all win.

The outbreak of the Corona virus Disease 2019 (Covid-19) has caught the world off-guard. The disease has infected millions and taken lives of several hundred thousands. It has pushed global economies to the brink of recession. As a preventive measure to restrict the spread of the virus, the Government of India, besides several other precautionary measures, implemented a nation-wide lock-down in the country with effect from March 25, 2020. The lockdown initially for three weeks, got extended several times and has stretched for more than ten weeks in Mumbai and several parts of the country.

The outbreak of the Covid-19 pandemic and consequent lockdowns has severely impacted economic activity in the country and dampened growth outlook significantly

Our Response

Generous contribution to Prime Minister's PM Cares fund

- IIFL Group's CSR arm made a contribution of ₹ 50 million to the PM Cares Fund
- IIFL Finance employees contributed a further ₹ 14 million as part of a one-day salary donation drive.

IIFL salutes Mumbai Police with a contribution

In appreciation of the untiring efforts of the Mumbai Police, we made a contribution of ₹ 1 million towards procuring protective gear for Police personnel.

Contribution to healthcare and distribution of food supplies

- On a regional front, we directed ₹ 1 million towards various hospitals for sourcing and distribution of safety kits, masks and other essentials
- We further continued efforts on other healthcare initiatives including raising funds for cancer patients to get through the period of crisis
- We also undertook distribution of the immunity boosting homeopathic medicines 'Arsenic Album 30', in association with Dr Batra's to all our employees, and food supplies to migrant workers

IIFL campaigns for safety and wellbeing with brand ambassador Rohit Sharma #SeedhiBaat

The Company recently signed on ace cricketer Rohit Sharma as its brand ambassador, launching its campaign 'Seedhi Baat'. Considering the health crisis surrounding the world and with an aim to promote well-being in society, this campaign was not a product promotion campaign but a public service message advising people to follow safety guidelines following the Covid-19 pandemic. In the 30-second message titled 'Rohit Sharma Ki Seedhi Baat', Rohit in straight words urged people to stay at home during the lockdown.

Scan QR code to view 'Rohit Sharma Ki Seedhi Baat'

Well defined processes & discipline for IIFL offices

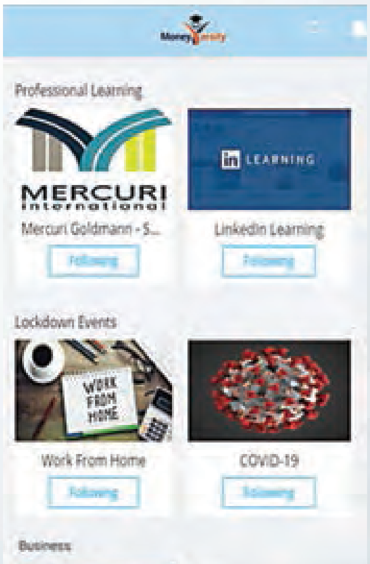
Our employees smoothly migrated to a work-from-home scenario and ensured business operations continued without disruption.

Karuna V/s Corona – Our 'Back to Work' SOP: Once gradual lifting of lockdown was announced from April 20, 2020 onwards, our branches and offices in eligible zones, started operating based on detailed Standard Operating Procedures (SOP), issued in compliance with MHA guidelines. This included safety measures such as maintaining social distancing, masks for employees, temperature checks and usage of sanitizers, among others.

Continued focus on learning: We hosted multiple learning events through **MoneyVersity**, our learning experience platform, to promote knowledge and skill development among employees.

A new channel on 'Work from Home' was also launched for employees, from where they could gain insights on work from home tips and managing teams virtually.

Business initiatives: During the lockdown period, we also launched digital personal loans for our existing customers, to help those in need of immediate funds and increased our efforts on campaigns related to promoting digital channels for accessing our services.



Our Enduring Value Creation Model

Our approach to value creation is based on our vision, which lays equal emphasis on creating value for our business and our stakeholders as well as on delivering broader economic benefits to the society.

Inputs

Financial Capital

Our pool of funds available to the organisation through financing (debt, equity), operations and investments in order to ensure a sustainable business

Physical Capital

Our wide network of physical outlets, touch points and digital platforms to ensure seamless delivery of financial services

Intellectual Capital

Our efficient processes, deep knowledge, technologies and expertise to leverage business opportunities

Human Capital

Our engaged and motivated workforce to provide the best-in-class financial offerings and superior customer service

Social and Relationship Capital

Our commitment to building mutually beneficial partnerships with our communities, customers, distributors, government and regulators.

Our Business Activities

Providing loans to a broad customer base of retail and corporate clients under multiple product categories effectively covering all customer needs under one umbrella

Comprehensive Product offerings

Core Products

- Home Loans
- Gold Loans
- Business Loans
- Microfinance

Synergistic Products

- Construction and Real Estate
- Capital Market

Strategic Enablers

- Granular product portfolio
- Widespread physical network
- Best-in-class digital technology
- Well-diversified funding mix and well-managed liquidity
- Robust credit assessment
- Strong risk management and asset quality
- Highly experienced management

Value created for the stakeholders

Shareholders and Investors

- Sustainable returns

  ROE: 5year average 16.1%

  ROA: 5 year average 2.0%

  PAT: 5 year CAGR 20%

  Dividend declared: ₹ 2.25 per share

  (PAT, ROA, ROE growth excludes impact of Covid related special provision in FY20)

Customers

- Tailored financial credit to address changing needs
- Access through various platforms
- Digitised and faster loan processing
- Excellent customer experience

Employees

- Stimulating and rewarding work environment
- Equal opportunity and diversity
- Strong culture of learning and development
- High employee engagement

Community

- Financial inclusion through loan offerings and wide spread reach across the country
- Skill development and livelihood opportunities
- Education initiatives to empower children
- Health awareness for better quality of life

Government and Regulatory bodies

- Responsible tax payments
- Ethical and transparent business practices
- Compliance with the relevant regulations and guidelines
- Contribution to industry and regulatory working groups

Chairman's Message

The best strategy to seize the opportunity and fortify your company's competitive position is to stick to your knitting- in terms of business as well as culture. Simple products, honest policies and straight talk or *SeedhiBaat.*

Straight Talk #SeedhiBaat

Dear Shareholders,

The language of money is at its elegant best with straight talk and trust is built when you walk the talk. Your company is in the business of borrowing and lending 'money'. Institutions and individuals who trust us, lend to us; and even our customers who borrow from us, being small retail customers, trust us. The trust built over a whole life through honest and straight talk, can be lost by a single instance of loose talk. Your company's values of fairness, integrity and transparency are captured in the phrase Seedhi Baat or Straight Talk. To achieve it effectively, we begin with active listening and empathetic understanding. Our values also form the theme for your company's promotional campaign this year, led by our favourite cricketer Rohit Sharma, known for playing with a 'straight bat'.

How individuals and organisations talk during a crisis, reveals their character. For NBFCs like your company, the last twenty months since the IL&FS collapse, have been unprecedented crisis. The liquidity squeeze and perception issues have pushed NBFCs to the brink. The recent Covid-19 crisis has just added fuel to fire. These are the times when many companies falter in their communication and commitment to their investors, lenders, customers,employees and vendors/ partners. When the storm blows over and dust settles, men are separated from the boys.

Your company's Board and Management have stuck to the company's core values, with even greater vigour in the last two years of turbulent times for Indian financial sector. We have disclosed all relevant information, more lucidly and transparently to lending institutions. During the last six quarters of liquidity-uncertainty, rumours, and perception perplexity, we increased our disclosures to take care of all queries investors or lenders could have. We organised conference calls and lenders' conclaves along-with rating agency executives, among other initiatives to encourage open dialogue with customers, creditors,shareholders, media and employees.

In normal course, as part of our culture, we keep our communication and business practices simple and honest. As a result, all our loan products and processes are simple and straightforward. So is the process to repay or close an account. We have refrained from opportunistic or complicated pricing, which is more often than not, to the detriment of customers. We avoid diplomatic or convoluted communication to customers and employees. Our employees keep abreast of all developments on real time basis, through our corporate intranet on Facebook Workplace.

The straight talk from the heart has helped us connect with the hearts of the customers. Even in the difficult year of 2019-20, our loan AUM grew 9% and for core products, that are focus for future growth, the book expansion was 12%. We kept non-performing assets (NPA) under control with net NPA after provision at less than 1% of loan assets. This performance, at a level far superior to industry averages, has been possible due to your company's committed people, time tested processes and cutting edge technology. Your company's pre-tax profit, prior to exceptional Covid related provision, made a new high of ₹ 10,072 million.

Share price performance of NBFC sector manifests equity shareholders' concern about future of NBFCs in India. Entrepreneurial NBFCs, without the backing of large industrial houses, have borne the brunt of negative perception and outlook. While it started with the IL&FS collapse, it just kept getting aggravated with a few more large-scale defaults in NBFC/ HFC sectors. To add to the woes, Covid crisis has further heightened the risk aversion to the sector. In fact, many industry observers and commentators describe this as the worst crisis ever for the sector. But as Benjamin Franklin once said 'Out of adversity comes opportunity!'

Your company's Board and management have pondered in-depth on the risks and opportunities arising from this unprecedented crisis. Many worthy and novel ideas came up for discussion and the prominent five big drivers of the opportunities are:

a) Acceleration of digital technology and adoption
b) Cost saving opportunities from new behaviour such as 'work from home'
c) Risk aversion leading to higher savings and cross-sell opportunities
d) Banks with surplus liquidity showing eagerness to buy retail assets
e) Consolidation in the industry resulting in improved margins.

It is interesting that decades ago, John F. Kennedy noticed 'When written in Chinese, the word crisis is composed of two characters – one represents danger, and the other represents opportunity.'

In my view, the best strategy to seize the opportunity and fortify your company's competitive position is to stick to your knitting- in terms of business as well as culture. Simple products, honest policies and straight talk or *Seedhi Baat*. Your company's entire team is excited by the potential for growth, cost saving and innovation in the post-Covid era. Just as Jeannette Walls put it 'Sometimes you need a little crisis to get your adrenaline flowing and help you realise your potential.'

Regards,

Nirmal Jain
Chairman

CEO's Message

Our strong foundation, differentiated strategy and an experienced leadership, enables us to deliver sustainable results even in competitive financial services arena. We have successfully navigated through many economic cycles with a clear strategy, determination and sharp focus.

Dear Shareholders,

2019-20 was a year of meaningful progress for IIFL Finance towards the overarching goal to continue serving our customers responsibly as is evident in our communication theme '*Seedhi Baat*'. It simply reflects our commitment to act in a transparent, fair and accountable manner while abiding by ethical business practices.

While 2019 was undoubtedly another difficult year for the Indian economy, we did observe some green shoots in first two months of 2020 before theCovid-19outbreak.The pandemic lead to lockdown and economic activity came to a halt not only in India but also in large parts of the world, causing weakened customer and investor sentiments.

The NBFC industry bore the brunt with slowdown in credit growth, challenges in raising funds and disruption in collections. While the government and RBI have introduced varied initiatives to support the economy and boost recovery, it may yet take a while for the benefits to reach end customers and positive impact to come about. The pandemic-caused challenges are expected to accelerate consolidation trends in the industry.

Our Performance

During the financial year 2019-20, our loan assets under management (AUM) grew modestly by 9% y-o-y % to reach ₹ 379.5 billion, owing to the volatile environment and disruption due the lockdown in the last quarter. We reported a total income of ₹ 48,207 million and profit after tax of ₹ 4,968 million (post exceptional items including additional covid related provision).We continued to diversify our liability sources by raising USD 100 million through Export Development Corporation (EDC) of Canada in August and USD 400 million through a Dollar bond offering in the month of February. This was a significant step in diversifying our liability sources and a strong recognition for our business model.

Retail business with digital focus remains the key to our business strategy. Affordable home loans, gold loans, small business loans and microfinance played a vital role in ensuring higher share of disbursement during the year. 88% of our loan book is granular in nature. Our success in the retail segment is underpinned by strong origination, sound credit underwriting standards, risk control and robust monitoring and collection efforts.

The phygital edge

We added 430 more branches and closed the year with 2,377 branches as of March 31, 2020.With technology reshaping our business processes faster than ever, we have empowered our customers to fulfil their financial needs through phygital (physical+digital) channels. We have equipped our branches with the best of technology infrastructure and safety measures to provide enhanced customer experience. All the Gold loan branches have been rebranded as 'loans and investment' branches as we will use this large distribution set up for increasing loan origination and fulfilling the complete requirement of financial services to our customers.

We have streamlined the on-boarding process to deliver real time, cost effective, convenient and customised solutions to our customers. Our loan management mobile application–IIFL Loans provides automated, interactive and secure services that help customers manage their account efficiently. We will continue to scale our operations in financial services by taking advantage of technological development in the digital space.

Looking ahead

The Covid-19 crisis has presented new opportunities of work-from-home and higher use of digital capabilities, thus making a case for sharp reduction in rental costs, infrastructure and travel cost. We are already seeing the benefits of these measures in terms of lower overheads and higher employee productivity.

Our strong foundation, differentiated strategy and an experienced leadership, enables us to deliver sustainable results even in competitive financial services arena. Our confidence stems from the fact that we have successfully navigated through many economic cycles with a clear strategy, determination and sharp focus. I am optimistic that as the Covid-19 crisis subsides, economic activity will pick up pace. While the macroeconomic picture remains fluid, we, at IIFL Finance are well-prepared for a range of operating environments and shall respond with agility to the developments. We remain committed to our mission of enabling affordable credit to the unbanked population across the length and breadth of the country and will continue to focus on adding value to our customers.

I would like to take this opportunity to thank all our stakeholders for supporting us through challenging times. We continue to benefit from the opportunities and remain focused on adding value to all our stakeholder i.e. shareholders, employees and customers to create a resilient organisation.

Regards,

Sumit Bali
Chief Executive Officer

Staying Stable through Challenging Environment

NBFCs are an imperative part of the Indian financial system, catering to the diverse financial needs of millions of small firms as well as individuals. As a prime engine of growth in India, they play a paramount role in promoting financial inclusion. However, the onset of the NBFC crisis in September, 2018 followed by the economic disruptions caused by the Covid-19 pandemic aggravated challenges for the sector.

At IIFL, our strong foundation and thoughtful insights provided a deep understanding of the business environment and ensured our operational strategies were in line with our risk management framework and best suited to market conditions.

Liquidity Management

A sturdy balance sheet, well-diversified funding mix, comfortable liquidity profile and steady returns sailed us through the turbulent times and retained customers' trust.

Over the past couple of years, we have focused on

- Well diversified funding resource with prudent ALM mismatch across all buckets
- Incremental long-term funding majorly through term loans, refinance and NCDs
- Higher share of securitized and assigned loans in the funding mix
- Shorter maturity assets enabling easier matching of liabilities
- Conservative approach to liquidity, keeping a margin of safety (surplus)

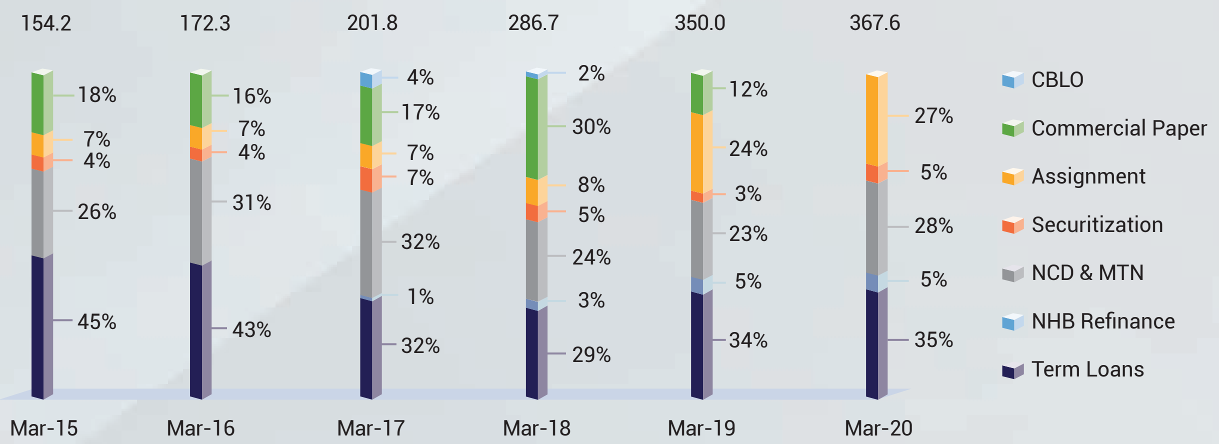
Our funding requirements are predominantly sourced through term loans from banks, issue of redeemable non-convertible debentures on public and private placement basis and cash credit from banks including working capital loans. We have access to funds from multiple classes of credit providers, including public sector banks, private commercial banks, insurance companies and mutual funds.

Stable long-term relationships with our lenders and an established track record of timely servicing of our debts help us remain well-funded, keeping a margin of safety.

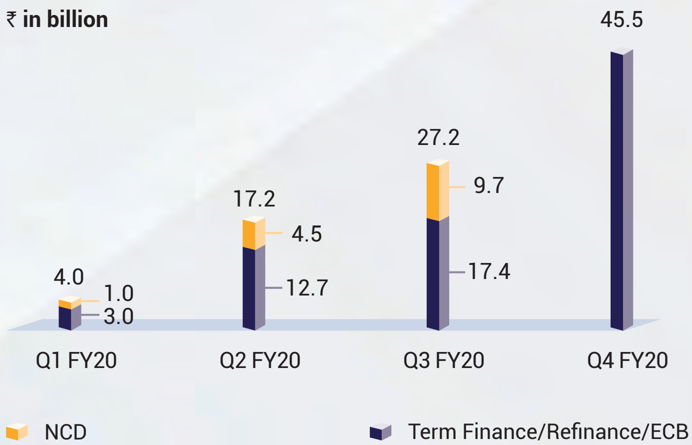
With easily saleable highly granular portfolio, accounting for 88% of the AUM as at March 31, 2020, we have been able to increase our securitization/assignment transactions over the years. Another strong characteristic of our portfolio is the large portion of loans compliant with RBI's priority sector norms, accounting for 43% as at March 31, 2020.

Depicted below is our funding mix over a five-year period:

Total Funding in ₹ billion



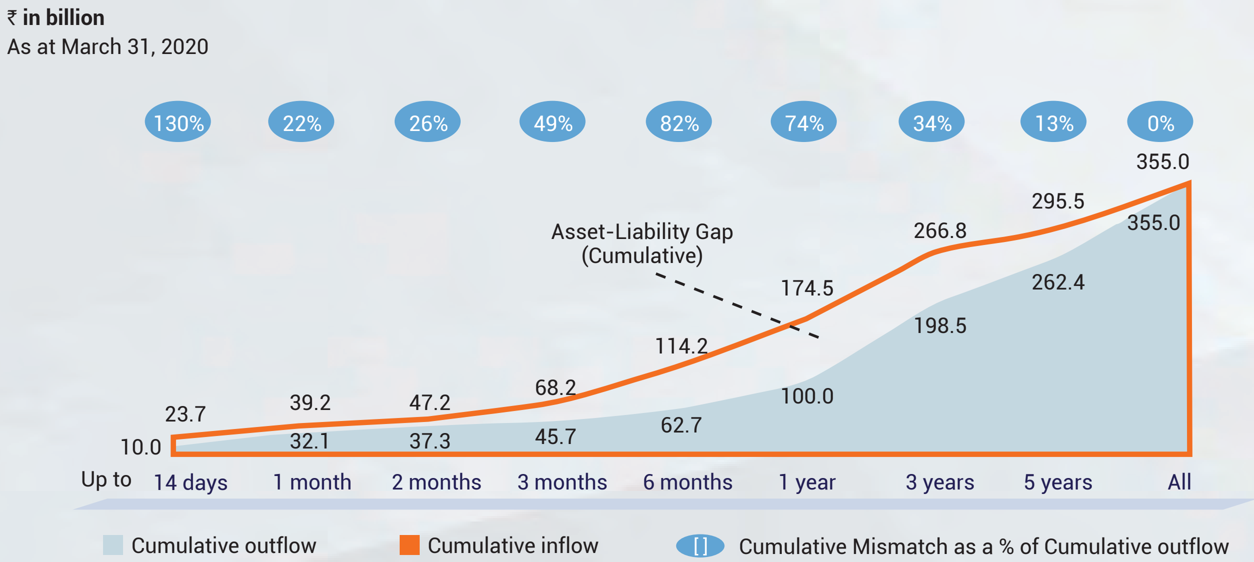
During the year, availability of long term funding has improved significantly



During the year we:

- Raised term loans of ₹ 94 billion
- Raised USD 400 million in Feb, 2020 through our maiden issue overseas, as part of our USD 1 billion medium term notes (MTN) programme listed on the Singapore Stock Exchange;
  Investors' positive response to our maiden issue is a great validation of the Company's credibility, especially in international markets
- Securitized/assigned loans of ₹ 23,077 million in Q4 FY20, ₹ 23,815 million in Q3 FY20, ₹ 37,208 million in Q2 FY20 and ₹ 45,947 million in Q1 FY20

Well-managed ALM having surplus in all buckets



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Effective Risk Management Framework

Risk management is fundamental to IIFL's strategy. Effective risk management plays a vital role in the successful development and execution of our strategy in a radically changing industry landscape.

The Company has set robust risk filters and systems that enables it to detect early warning signals and embrace appropriate actions. The Board reviews and approves the threshold limits of risk to be taken in line with IIFL's strategic objectives and risk appetite. These limits are continuously monitored by an experienced risk management committee and various sub-committees.

We have constantly refined our underwriting and credit risk management practices, to meet the needs of changing economic environment. The quality of our loan portfolio is reflected in the consistent low level of NPAs. Our robust credit approval mechanisms, credit control processes, audit and risk management processes and policies help us maintain the quality of our loan portfolio. We have in place product specific lending policies, credit approval committees and regular monitoring of exposures. We routinely monitor credit risk, risk concentration and compliance with board approved policies. Credit monitoring for retail products is undertaken at portfolio level wherein risk assessment is undertaken on various parameters like demographics, sector, and geography among others.

Over the last few years, the financial sector has witnessed a significant rise in the Gross Non-Performing Assets (GNPA) at large. However with our robust risk management framework we have consistently maintained higher asset quality across business cycles. As at March 31, 2020, our gross and net NPAs stood at 2.31% and 0.97% respectively, demonstrating the robustness of our processes.

In addition, our advanced analytical algorithms support faster credit decisions through online bank statement analysis, connected score cards and automatic policy checks. The effective process results in loan sanctioning within minutes, reduced turnaround times and better service.

2.31%

Gross NPA

0.97%

Net NPA

128%

Provision coverage of GNPA
(88% excluding Covid provision)

88%

Retail Loan Book

Strong credit underwriting process

For all our products, the credit policy is approved by the Board of Directors. The policy ensures that multiple checks are conducted through the process. The appraisal model requires an independent credit appraisal process, which ensures superior quality of loans owing to multiple check points and standard processes.

We conduct digital underwriting for Home and Business loan applications, which involves utilising logical and rule-managers, in-built in the tablet application, to provide instant decision on eligibility of the prospective borrower. In most cases the digital underwriting process is sufficient to assess eligibility of a prospective borrower and provide instant credit decision. For others multiple document checks, financial and credit history and risk control checks are carried out and assessment is conducted/considered by various credit committees and at the board level, depending on the value of the transaction.

Our credit team consists of highly qualified professionals, experienced in various appraisal and due diligence processes. The credit underwriting is done as specified in the credit control policies and procedures manual, which includes the following:

- checking eligibility based on credit score generated by the analytical scorecards;
- performing various checks through an independent Fraud Control Unit, on the documents provided by the borrower to assess genuineness;
- conducting in-person meetings with borrowers by our loan officers at their business premises or residence;
- conducting credit and financial background check on each borrower; and
- conducting legal and technical evaluation of the offered security, where applicable

We have empaneled professionally qualified legal vendors and valuation agencies to carry out security evaluation for us. These vendors are supervised by our professionally qualified, independent legal and technical teams.

For Gold Loans, post successful authentication of mandatory documents, the customer proceeds to the valuation counter at our branches, where the physical gold is valued independently by an experienced team of valuers. Dual underwriting helps in enhancing the controls further. We follow a strong verification process and our officers are certified and trained in asset quality practices. Our branch staff are trained to observe and/or handle fraudulent customers by observing their behaviour, verifying ownership of the gold and matching the jewellery with customer profile or location.

Branch security

Ensuring the safety and security of the branch premises is vital to our business.

Key measures implemented to ensure branch security include:

- E-surveillance by specialised security agencies
- CCTV and IP cameras installed at strategic locations in all branches
- Passive infrared sensors, smoke detectors and hooters installed
- Panic switches and two-way audio system on receiving any alert
- Trigger based remote surveillance
- Steel cage panels with vibration sensors installed
- OTP based access implemented to open vaults
- Adequate training and refresher courses for staff on incident response procedures for safety of employees and collateral
- Local police stations alerted instantly in case of any eventuality

Embracing the Best of Technology

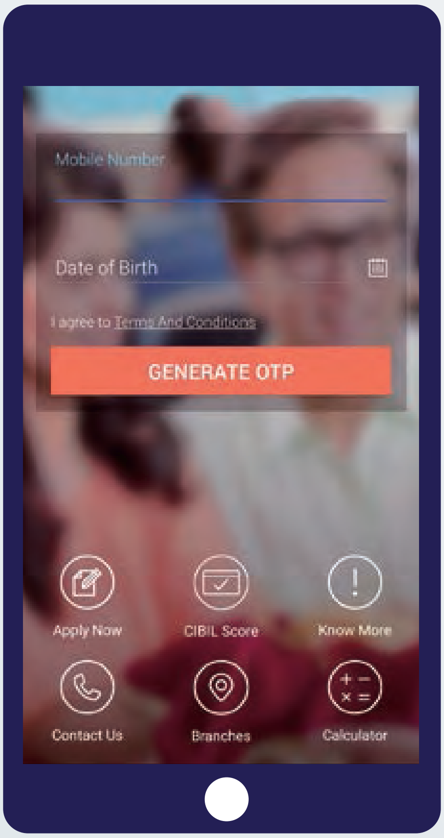
We believe a business more technologically integrated is naturally more progressive. With the aid of latest and advanced technology tools, IIFL Finance is keeping up with the constant dynamics in today's digital world. From rapid physical network expansion to robust digital presence, we are improving in tandem with the changing financial services landscape.

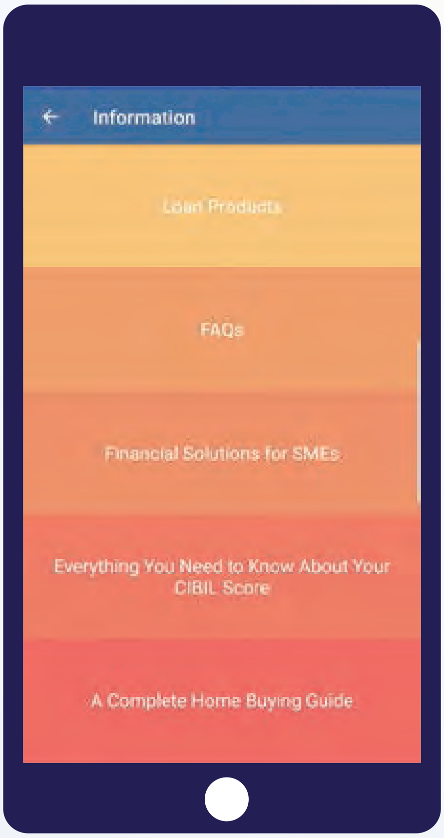
We continuously work towards bridging the gap in loan processing, thus enhancing productivity and augmenting customer satisfaction. With significant investment in our digital infrastructure, we offer accessibility and seamless experience to all our customers.

Connecting our customers through digital innovation

In 2019-20, we undertook a slew of initiatives to bolster our digital footprint, which included

- Released a user-friendly mobile application for faster and efficient collections
- Effective data analytics led to higher cross-selling of existing products
- Secure remote access technology enabled employees to safely work from home without business disruption during the Covid-19 pandemic
- Collections functionality enhanced with automated customer reminder calls
- Successfully completed the ISO 27001:2013 Annual Recertification





IIFL Loans App

IIFL Loans app is a user-friendly mobile app to access necessary information on-the-go with high accuracy, convenience and service speed.

Customers' say

The application has received over 1,000 positive reviews on iOS and over 1,500 reviews on Android system on the 'Rate My Application' campaign.

Value-added features:

- Seamless integrated view of loan details and account statements
- Quick query resolution through live chat
- Prompt response for a new loan application
- Interactive loan dashboard
- Quick payment of outstanding loan
- Easy access of interest certificate

145,500

Average monthly users

622,000

Active users

4.4

App rating on Playstore

Marketing Campaigns

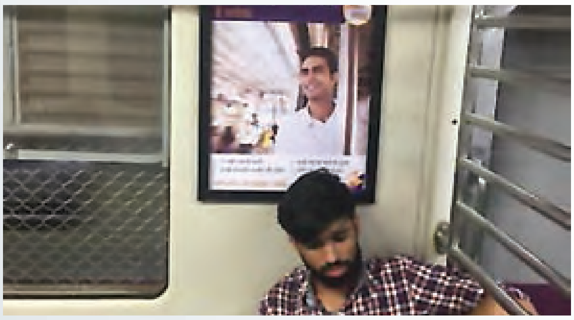
#SeedhiBaat stories:

#SeedhiBaat with Brand Ambassador Rohit Sharma

IIFL Finance signed up India's superstar cricketer Rohit Sharma as its first ever Brand Ambassador. As we endeavour to stand out for talking straight and being honest with our customers, this first-ever campaign by the Company with Rohit Sharma, was not a product promotion campaign but a public service message advising people to follow safety guidelines following the covid-19 pandemic. In the 30-second message titled "Rohit Sharma Ki Seedhi Baat", Rohit in straight words urged people to stay at home during the lockdown, for the time to hit centuries and sixes would come later.

NBFC Conclave

IIFL Finance organised the "NBFC Concalve" on June 03, 2019 in Mumbai. The well attended event saw Mr. S S Mundra, Former Deputy Governor, Reserve Bank of India sharing his wisdom on the road ahead for the NBFC Sector. This was followed by Mr. Krishnan Seetharaman, Sr. Director, Financial Sector and Structured Finance Ratings, CRISIL Limited sharing his credit agency's view on the sector and presented IIFL's Credit Profile as well.



'Hai Bharosa'

Our Gold Loan customers entrust their most valuable belongings with us to fulfil their needs and dreams. Therefore, our communication around IIFL Gold Loan carries the key message of "Hai Bharosa". "Hai Bharosa" is a life ethic for these go-getters who have dollops of self-belief, which when combined with support of IIFL Gold Loan, will help them realise their dreams.

IIFL Milan

IIFL Finance runs the "IIFL Milan" series of thematic events that focus on connecting with the community in branch catchment areas. One event is organised in every IIFL Finance Gold Loan branch every month in line with the Environmental, Social and Governance (ESG) goals of IIFL Finance. In FY20, more than **15,128 events** were conducted across the country, touching more than 340,000 lives. **IIFL Milan was adjudged as the "Best CSR Campaign" by The Activation Venues Forum.**

Social Media

Being present on social media is one of the most effective ways of reaching out to customers, prospects, investors and the general public. IIFL Finance is connected with the world on Facebook, Twitter, YouTube, Instagram and LinkedIn, communicating about its significant milestones, products, offers, and propagating financial literacy.

Local visibility

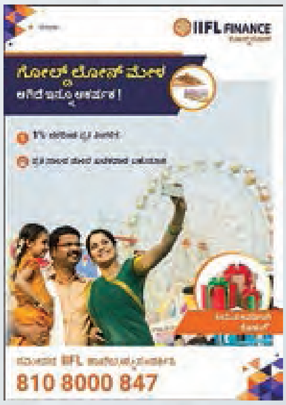
While the business of finance is becoming digital, it is still based on trust and the importance of 'touch' cannot be ignored. One of our primary marketing objectives is to create awareness of our products and branches and to increase interaction with customers.

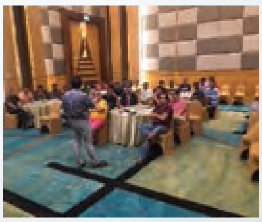
Nukkad Natak

One of the most significant catchment-driven campaigns is the Nukkad Natak (street plays). In FY20, we conducted **1,863 plays in 219 cities** across five states (Rajasthan, West Bengal, Maharashtra, Goa and Tamil Nadu). This resulted in increased awareness of our branches and our products, and eventually resulting in good business.

Gold Loan Mela

IIFL Finance regularly conducts 'Gold Loan Melas', which are offer-driven campaigns that focus on new customer acquisition.





Offsites

IIFL organised an annual offsite to help employees engage better and gain a fresh perspective. It provided an opportunity for fun-filled team building activities and interactions that fostered communication and trust.

Awards and Accolades

01 Received Golden Peacock Award for Risk Management from the Institute of Directors at Singapore Global Convention on Board Leadership & Risk Management

02 Ranked as India's most trusted Non-Banking Financial Company (NBFC) in a select list of top 10 NBFCs to watch in 2019 by the Insights Success magazine

03 Won the 'Best Fintech NBFC of the Year Award' at the India NBFC Excellence Awards 2019

04 Recognised as one of the 'Most Promising Brands' in the BFSI segment by The Economic Times

05 The Economic Times recognised our Chairman Mr.Nirmal Jain, as one of the 'Most Promising Business Leaders of Asia' for demonstrating exemplary leadership qualities

06 Received the 'Most Admired Service Provider in Financial Sector' award at the ET Now World BFSI Awards

07 Received the 'Great Place to Work' certification

08 Received Tata Institute of Social Sciences and LeapVault Award for the 'Best on the Job Training Program' at the Chief Learning Officers Summit in Mumbai

09 Received the 'Best ATL Campaign' award at mCube Awards for 'IIFL Bonds Campaign'

10 Received the 'Best Communications Strategy of the Year' award at the Corporate Communication and PR Summit

11 Wins two awards at TAVF 2019

a) IIFL Milan for the Best CSR Campaign

b) IIFL Bonds Campaign for Campaign with the Best ROI

12 IIFL Finance legal team included in 'The Legal 500's GC Power list: India Teams 2019'

13 Featured among the top 25 companies in 'India's Best Workplaces in BFSI 2020'

Creating a Future-ready Workforce

IIFL Finance strives to create a future-ready workforce by making people the agents of their own development. We cultivate a progressive working environment that enables their well-being as well as their contribution to the Company's long-term vision.

Team work allows people to share inspiration, ideas and knowledge with one another and helps in creating the best experience for customers. By focusing on employee engagement, we aim to create a workplace where our people feel connected and where our leaders encourage feedback. Providing sufficient learning opportunities; infusing diversity; motivating and nurturing skilled talent continue to be the pillars that create a bright future for us.

'Great Place to Work'

IIFL awarded the certification for the year 2019-20

Training and Development

Technology led interventions form the core of our employee, channel and customer learning journeys at IIFL. Through 'MoneyVersity' – our Learning Experience Platform, we have been able to enhance our stakeholder learning experience, beyond proprietary learning content, and also give exposure to national and international content of quality. Learning now is not just limited to pure functional or technical content, but extends beyond, to areas such as Covid -19 impact, health & wellness, leadership stories and insights, motivational videos, sales enablers, personality development etc. This is powered through Artificial Intelligence capabilities, thereby positioning learning as a truly enjoyable, timely and need based solution.

Employee Engagement Initiatives

Health & Wellness

IIFL organised various health camps and workshops like Stress Management, Yoga, Zumba, Breast Cancer Awareness throughout the year.

IIFL partnered with **'HealthifyMe App'** to offer employees a corporate digital wellness program. Employees were given access to the premium features of the app including an AI health coach 'RIA'. The GoFit challenge ran for eight weeks where employees participated individually or as teams. The initiative was well received and helped employees work towards their health goals.

IIFL launched an **Emotional Well-Being Support Helpline**, to help employees and their families help maintain mental and emotional well being during the current COVID-19 pandemic.

The helpline provides access to psychological counselling professionals to seek help for issues such as anxiety, or stress, related to COVID-19 and free access to professionally crafted resources such as open webinars, reading material, and infographics dealing with issues such as social distancing and coping strategies for individuals in isolation among others.

Sports Tournaments

With great zeal and enthusiasm, employees participated in sports such as cricket, football and other indoor sports which strengthened team spirit and bonding.

Leadership Connect

Leadership connect such as 'Ask Nirmal', 'Coffee with CEO' was held with all employees across the organisation to foster open communication.

CSR: Employee Initiatives

IIFL-ites volunteered to support initiatives such as beach cleaning drive, tree plantation, donations to Sakhiyon ki Baadi, Impact Day celebration among others.

Parenting Session

- TEDx Speaker Riddhi Patel took an interactive, fun and informative parenting session for IIFL-ites

Women-centric Initiatives

- Launched 'IIFL WoMentoring Program' in partnership with NHRD-Mumbai to facilitate networking opportunities
- In order to ensure a stress free return of our employees post maternity leave, we introduced creche / day care facilities.
- GalUp Series consisting of sessions covering wellness and personal development were conducted

24% female employees

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Environmental, Social and Governance Reporting

As a responsible corporate, we aim to deliver sustainable growth through financial products and services that help satisfy unmet societal needs, enable a thriving society, conserve environment and create long-term value for all.

The Company has a dedicated ESG committee which meets quarterly to discuss a range of ESG issues that aim to drive the Company's values and impact.

Our Board-approved ESG policy adheres to the following operational principles :

- Compliance to Environmental and Social Safeguards
- Good Working Conditions
- Environment Protection and Resource Efficiency
- Adherence to Fair Practice Code
- Community Health, Safety and Security
- Borrower Protection and Education

Marquee investors CDC have representation at the ESG committee and they continue to guide us with their rich, global experience in driving ESG initiatives.

Environmental Initiatives

We positively contribute to drive protect and nurture environment through our sustainable business practices.

For a greener tomorrow: Affordable housing with 'Kutumb'

IIFL Home Finance is a thought leader in the industry and is leading the way in promoting green and affordable housing. Our Green building initiative 'Kutumb', helps in making affordable housing sustainable with various environmental, economic and social benefits. It provides industry experts and housing developers, a platform to promote sustainable infrastructure.

The benefits of Green buildings

With usage of sustainable raw materials, green buildings help protect biodiversity and ecosystem. It further allows reduced carbon footprint, cost efficient structures and better health of residents.

600+ participants, **430+** developers, and **36+** experts collectively engaged through Kutumb

River Rejuvenation Initiative

IIFL Foundation, (the CSR arm of the group) has initiated various programs in the realms of health, education, livelihood generation, and community welfare. We have initiated rejuvenation of the Wadhona Nulla and its tributaries in Arvi taluka by partnering with the Government of Maharashtra. The artificial recharge methodology helps sustainable management of groundwater resources by improving existing groundwater conditions.

Social Initiatives

IIFL Finance is firmly committed to support economic activity and financial inclusion through its loan offerings while adapting to changes in the external environment. Our customised credit solutions which comprises retail home loan, business loan, microfinance, loan against gold fulfil the financial requirements of the underserved section of the society.

Our Business Impact

- Greater access to finance in **Tier II and III markets via widespread branch network** and digital means
- Retail focused business strategy, 88% retail portfolio and 43% complaint with RBI's PSL norms
- **86,500+** loans to first-time home buyers
- 38,000+ customers benefited with subsidy of about ₹ 9 billion under PMAY-CLSS scheme
- Benefits for micro, small and medium enterprises with working capital and business expansion funding in line with our retail strategy
  - Average ticket size of Gold loans is ₹ 60,000
  - 61% of business loans were of ticket size less than ₹ 2 million
- Digital personal/working capital loans scheme was launched in the period of Covid-pandemic to support our existing customers
- Our Microfinance vertical supports self-employed women in under-served rural and semiurban regions of the country with improved access to credit. As at year end, we catered to 1.5 million customers across 17 states.

We significantly invest in our people which in turn creates value for our customers. We promote a collaborative, transparent and inclusive organisational culture, which offers our people equal opportunities to learn and grow together. Our 18,569 employees are key to making IIFL a great place to work. We continue to attract and retain the best skills by providing proactive training, high performer recognition programs, rewards and recognition programs, leadership development and employee engagement programs. We constantly encourage women employees by fostering gender equality at workplace. During the year we launched multiple initiatives to support and develop our women employees including a dedicated mentoring programme in partnership with NHRD Mumbai and wellness and personal development sessions.

We recognise our wider role in society and believe that we can make a positive impact through our efforts beyond business. Our customer engagement initiative IIFL Milan seeks to connect with community stakeholders to create environment and social awareness through thematic workshop-style activities.

15,128+ events conducted across the country in FY20

340,000+ lives touched

IFL Milan was adjudged as the **"Best CSR Campaign"** by The Activation Venues Forum

We also organise street plays through our initiative 'Nukkad Natak' - via to raise awareness on financial literacy.

1863 plays conducted across **219 cities**

Through our initiative 'Sakhiyon ki Baadi', we impart education to girls in 12 districts of south Rajasthan. We also offer learning centre-cum crèche facility to the children of construction workers in order to educate them and build a better society.

Robust Governance Structure

IIFL is committed to the highest standards of governance, ethics and integrity. The esteemed Board members ensure that the group plays a key role in society as a major employer, tax payer, skills provider and facilitator of economic growth. We embrace world-class business practices with strict risk management policies and procedures, to ensure our services are secure and stable. We constantly review these practices to ensure that we act in the best interests of our stakeholders. Our well-devised policies such as Whistle Blower policy, Anti-Corruption policy, Gift policy, and a stringent Employee Code of Conduct policy aid in realising our long-term vision.

Board of Directors

1 MR. NIRMAL JAIN (Chairman)

Mr. Nirmal Jain is the founder and Chairman of the Company. He holds a PGDM (Post Graduate Diploma in Management) from the Indian Institute of Management (IIM), Ahmedabad and is a rank holder Chartered Accountant and a Cost Accountant. He started his career in 1989 with Hindustan Unilever Limited. He founded IIFL Group in 1995. It started as an independent equity research company in India. Over the last 25 years, he has led the expansion of the group, while remaining focussed on financial services. The group through four listed entities, has leading presence in India's wealth & asset management, consumer lending, securities trading & discount Broking spaces. With an impeccable track record of governance and growth, the group has attracted marquee investors and won accolades internationally.

2 MR. R. VENKATARAMAN (Managing Director)

Mr. R. Venkataraman, is the co-promoter and Managing Director of the Company. He holds a Post Graduate Diploma in Management from Indian Institute of Management (IIM), Bangalore and a Bachelors in Electronics and Electrical Communications Engineering from IIT Kharagpur. He joined the Company's Board in July 1999. He has been contributing immensely in the establishment of various businesses and spearheading key initiatives of the group over the past 21 years. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US and Barclays – BZW. He worked as an Assistant Vice President with G E Capital Services India Limited in their private equity division. He has a varied experience of more than 29 years in the financial services sector.

3 MR. VIJAY KUMAR CHOPRA (Independent Director)

Mr. Vijay Kumar Chopra is a fellow member of the Institute of Chartered Accountants of India. He was the whole-time member of SEBI for two years; prior to that he has been a career banker and has held several top positions during his 36 years of experience in banking industry. Some of his accomplishments include being the Chairman and Managing Director in Corporation Bank and SIDBI, 3 years as an Executive Director in Oriental Bank of Commerce and 31 years in various capacities in Central Bank of India.

4 MR. NILESH VIKAMSEY (Independent Director)

Mr. Nilesh Vikamsey is a senior partner at Khimji Kunverji & Co LLP, an 82-year-old Chartered Accountants firm, which is a member firm of HLB International. He is presently Member of the Advisory Committee on Mutual Funds & Corporate Governance Committee of Securities and Exchange Board of India (SEBI), Risk Management Committee of Central Depository Services (India) Limited (CDSL), and Expert Advisory Committee of Institute of Chartered Accountants of India (ICAI). He is the Past President of ICAI. He was an observer on the Board of International Federation of Accountants and Member of IFAC's Technology Advisory Group. He was a member of IRDA. He was the Chairman of SEBI's Qualified Audit Report Committee and member of Corporate Governance Committee chaired by Uday Kotak, Primary Market Advisory Committee and Committee on Disclosures and Accounting Standards (SCODA). He is a Speaker/Chairman, at various seminars, meetings, lectures held by various Committees, Regional Councils, Branches & Study Circles of ICAI, Bankers Training College of the RBI, Comptroller & Auditor General of India (C&AG) and various other organisations.

5 MR. A. K. PURWAR (Independent Director)

Mr. Arun Kumar Purwar works as Chairman of Eroute Technologies Private Limited, a fintech Co. He also works as an Independent Director in Companies across diverse sectors like power, telecom, steel, engineering consultancy, pharma and financial services. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India ("SBI") from 2002 to 2006 and Chairman of the Indian Bank Association during 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala and has been associated in the setting up of SBI Life. Post his retirement from SBI, he was associated with a leading industry house in setting up the first healthcare focused private equity fund as well as a non-banking finance company focused on funding real estate projects as well as educational institutions. He has won a number of awards including the CEO of the year award from the Institute of Technology and Management (2004), "Outstanding Achiever of the Year" award from the Indian Banks' Association (2004) and "Finance Man of the Year" Award by the Bombay Management Association in 2006.

6 MR. CHANDRAN RATNASWAMI (Non Executive Director)

Mr. Chandran Ratnaswami is a Non-Executive Director of the Company. Mr. Chandran Ratnaswami is the Chief Executive Officer and Director of Fairfax India Holdings Corporation, a Company listed on the Toronto Stock Exchange and is also a Managing Director of Hamblin Watsa Investment Counsel Limited, a wholly owned investment management company of Fairfax Financial Holdings Limited. Hamblin Watsa provides discretionary investment management to all the insurance and reinsurance subsidiaries of Fairfax and currently manages approximately USD 40 billion of assets.

Mr. Ratnaswami serves on the Boards of, among others, Quess Corp Limited, Bangalore International Airport Limited, National Collateral Management Services Limited, Go Digit General Insurance Limited, Thomas Cook (India) Limited, Fairbridge Capital Private Limited in India, Zoomer Media, Fairfax India Holdings Corporation in Canada, Thai Reinsurance, Thailand, and Fairfirst Insurance Limited, Sri Lanka. Mr.Ratnaswami holds a Bachelor's degree in Civil Engineering from IIT Madras, India and an MBA from the Rotman School of Management, University of Toronto, Canada.

7 MR. NAGRAJAN SRINIVASAN (Non Executive Director)

Mr. Nagarajan Srinivasan is the Managing Director and Head–Asia of CDC India, a wholly-owned subsidiary of CDC Group Plc., London, based in Bengaluru since 2013. His role relates to all CDC's investments in South Asia for its three lines of activity: Funds & Capital Partnerships, Direct Equity Investments and Debt/Structured Finance. He joined Commonwealth Development Corporation, London in 1996, and was seconded to Africa where he served for about 4 years. He moved to India in 2000 and worked for Actis Private Equity Fund between 2004-2012. He has been on the board of several companies as Director and currently he is on the boards of nine CDC investee companies in India. Mr.Nagarajan Srinivasan holds a MA (Economics) from Madras University and PGDBM from Warwick School of Business and has completed a senior Leadership program from Harvard Business School.

8 MS. GEETA MATHUR (Independent Director)

Ms. Geeta Mathur is an experienced finance professional having worked as a banker both on the asset side and risk side and with large corporate treasuries and investor relations. She started her career with ICICI, where she worked for over 10 years in the field of project, corporate and structured finance as well represented ICICI on the Board of reputed companies such as Eicher Motors, Siel Limited etc. She then worked in various capacities in large organisations such as IBM and Emaar MGF across areas of Corporate Finance, Treasury, Risk Management and Investor Relations. She currently serves as an independent director in various large organisations across manufacturing and services such as Motherson Sumi Systems Limited, Info Edge (India) Limited, NIIT Limited, Tata Communication Transformation Services Limited. She co-chairs the India chapter of Women Corporate Directors Foundation, a global membership organisation and community of women corporate directors with a mission is to foster a powerful, trusted community of influential women corporate directors. She is a graduate in Commerce from Shriram College of Commerce, Delhi University and did her articleship with Price Waterhouse while pursuing her Chartered Accountancy.

Socially Responsible Corporate Citizen

At IIFL Finance, our core purpose as a responsible corporate is to leverage our organisational expertise to do good for communities and thereby, deliver a positive impact.

Enhancing our education outreach

'Sakhiyon ki Baadi'

IIFL Foundation's primary agenda is to provide quality education with innovative teaching methods and build a strong ecosystem for underprivileged children.Through IIFL Foundation, we are enabling educational development by setting up schools in many districts of South Rajasthan including tribal districts of Rajsamand and Udaipur. We have successfully empowered 35,964 out-of-school girls towards a brighter future.

- During FY20, **IIFL Foundation** expanded its operations with establishment of **30** new Sakhiyon Ki Baadi centres at **Pali District**
- The SKB program has created a **source of livelihood** to approx. 1,220 women, most of whom belong to marginalised communities.
- Over the course of past two years, almost **3,200 girls** have been coached and enrolled at the nearest government school, thus entering mainstream formal education. Our team conducts follow up visits.

Self-Defence training

- IIFL Foundation introduced sessions on 'Self-Defence Training' for the teachers at our community centres administered by trained professionals
- Over 1,000 women and over 28,000 younger girls, across nine districts of Rajasthan were trained in self-defence techniques

1,000+

Teachers benefited

28,000

Women and young girls benefited

Children's week celebration

- Promoted awareness on 'Child Rights' through interesting interactive programs such as Baal Samvaad (a dialogue) & Nukkad Natak (skit)
- Organised drawing exhibition, bicycle race and Kabaddi activities which attracted both children and elders
- Offered free check-ups for physical wellbeing of the community members at the health check-up camp

Mission 'Chouras'

Through mission 'Chouras', IIFL Foundation conducts learning sessions for children of construction workers who do not have access to formal education. Managed by well-trained teachers, Chouras also takes care of the basic nutritional needs of the children.

During the year, a health check-up camp was organised at one of the centres, where 92 children underwent health check-ups

Other Initiatives

In addition, IIFL Foundation supported Rajasthan Board of Secondary Education (RBSE) for development of rooms and a fully equipped Science Laboratory at Residency Senior Secondary Girls School, Udaipur. We also equipped nine government secondary schools across Rajasthan with a digital learning kit – Smart Board. The device empowers teachers with Audio-Visual material to support topics and allows students to self-study.

IIFL Foundation's unique initiative Rathshaala helps educate the upcoming generation of the Rebaris – pastoral nomads from Sirohi district. With two Rathshalas in operation, overall more than 200 families have been benefited through this novel initiative.

Health Initiatives

Covid-19 Relief

- IIFL Finance contributed ₹ 24.0 million to the PM Cares Fund
- The employees of IIFL contributed a further ₹ 14.0 million as part of a one-day salary donation drive
- On a regional front , IIFL directed ₹ 10,00,000 towards various hospitals for sourcing and distribution of safety kits, masks and other essentials

Other initiatives

- Arogya' a health initiative was launched for medical check-up of over 35,000 girls at the 'SakhiyonkiBadi' centers, across 11 districts in Rajasthan
- IIFL Foundation supports two Annual Mega Medical Camps at Pandharpur (Maharashtra) and Barsana (Uttar Pradesh) offering checkup, treatments and post-treatment care to over 1,00,000 beneficiaries
- With a view to creating an avenue for employees to contribute in a social cause, IIFL Foundation organised a Blood Donation Drive in Mumbai which witnessed participation from over 200 staff members

River Rejuvenation - Wadhona Nulla Recharge Initiative

At IIFL Finance, we are in a constant pursuit of protecting the natural environment around us. As a part of this objective, IIFL Foundation initiated rejuvenation of the Wadhona Nulla and its tributaries in Arvi taluka by partnering with the Government of Maharashtra. The artificial recharge methodology aims to promote sustainable management of groundwater resources by improving existing groundwater conditions. The river rejuvenation work has been completed for 22 kms of the total project area that spans approximately 6,564 hectares, covering over sixteen villages.

16

Villages benefited

6,564
hectares

Area covered

Livestock Development Program

IIFL Foundation initiated **Livestock Development Program** by setting up a Cattle Animal Husbandry center at Ajmer and Bengaluru. As a part of this program, the foundation provides services at the doorstep of the cattle owners to encourage livestock rearing as a secondary source of income.

Disaster Relief Initiatives

IIFL foundation distributed relief kits that comprised of food resources and essentials to over 3,000 beneficiaries at the time of Fani cyclone in Odisha.

IIFL Foundation wins accolades

01 Won the 'Best Innovative CSR Project Award' for 'Financial Literacy Centre project in East India' promoting financial awareness and inclusion in rural areas

02 Received the Best CSR Impact Award for 'Wadhona Nullah Recharge', impacting lives of about 10,000 people across 10 villages in Arvi block of Wardha district'

03 Received the award for the 'Best Corporate Social Responsibility Practices'

04 IIFL Foundation's flagship girl child education initiative 'Sakhiyon Ki Badi' received ET Now World CSR Award for 'Support and improvement in quality of education'

05 Ms Madhu Jain, Director, IIFL Foundation recognised as one of the 'Women CSR leaders' at the prestigious World CSR Congress & Awards

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Twenty Fifth Annual Report of IIFL Finance Limited (Formerly known as IIFL Holdings Limited) ("your Company/the Company") together with the Audited Financial Statements for the financial year ended March 31, 2020. The Company's Financial Statements reflect the effecting of the Composite Scheme of Arrangement as approved by the Hon'ble National Company Law Tribunal vide its order dated March 07, 2019 .The Company is now registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Banking Financial Company ("NBFC") not accepting public deposits (NBFCND-SI).

1. FINANCIAL RESULTS

A summary of the financial performance of your Company and its major subsidiaries, for the financial year ended March 31, 2020 is as under:

(₹ in Million)

Name of the Company	Revenue	Profit after Tax
IIFL Finance Limited (Formerly known as IIFL Holdings Limited)	26,298.80	1,488.03
IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited)	17,150.37	2,449.22
Samasta Microfinance Limited	5,821.08	1,073.04

Consolidated Financial Results

A summary of the consolidated financial performance of your Company, for the financial year ended March 31, 2020, is as under:

(₹ in Million)

Particulars	2019-20	2018-19
Gross total income	48,207.29	50,848.78
Profit before Finance Cost, depreciation, share of loss of Joint Venture, exceptional items and taxation	32,276.49	36,422.03
Finance Cost	23,968.16	25,850.43
Depreciation	1,056.49	318.49
Profit before share of loss of Joint Venture, exceptional items and tax	7,251.84	10,253.11
Profit before exceptional items and tax	7,251.84	10,253.11
Exceptional items	-	1,046.12
Profit before tax	7,251.84	11,299.23
Taxation – Current tax	1,778.98	2,891.55
- Deferred tax	481.32	447.61
- Short or excess provision for income tax	(43.19)	2.97
Net profit for the year	5,034.73	7,957.10
Other Comprehensive Income	(66.60)	(100.27)
Total Comprehensive Income before Non-Controlling interest	4,968.13	7,856.83
Attributable to:		
Owners of the Company	4,951.77	7,846.04
Non-controlling interests	16.36	10.79
Less: Appropriations		
Dividend	(817.05)	(1,725.75)
Dividend Distribution Tax	(167.95)	(191.66)
Transfer to/ from Other Reserves	(1,476.92)	(1,968.92)
Other Adjustments	2.27	-
On account of Merger	(25.83)	(10.34)
On account of demerger	-	1.59
Add: Balance brought forward from the previous year	8,405.73	4,454.77
Balance to be carried forward	10,872.01	8,405.73

*Previous periods figures have been regrouped/rearranged wherever necessary.

Standalone Financial Results:

A summary of the standalone financial performance of your Company, for the financial year ended March 31, 2020, is as under:

(₹ in Million)

Particulars	2019-20	2018-19
Gross total income	26,298.80	29,625.92
Profit before Finance Cost, depreciation, share of loss of Joint Venture, exceptional items and taxation	15,659.33	18,969.77
Finance Cost	12,444.95	13,651.84
Depreciation	894.09	241.05
Profit before share of loss of Joint Venture, exceptional items and tax	2,320.30	5,076.90
Profit before exceptional items and tax	2,320.30	5,076.90
Exceptional items	46.06	1,153.30
Profit before tax	2,366.35	6,230.19
Taxation		
- Current tax	419.33	1,258.27
- Deferred tax	479.68	450.30
- Short or excess provision for income tax	(20.69)	11.37
Net profit for the year	1,488.03	4,510.25
Other Comprehensive Income	(24.86)	11.43
Total Comprehensive Income	1,463.17	4,521.68
Less: Appropriations		
Dividend	(817.05)	(1,725.75)
Dividend Distribution Tax	(79.34)	(183.04)
Transfer to/ from Other Reserves	(686.05)	(769.00)
Other Adjustments	-	-
On account of Merger	25.82	(10.34)
On account of demerger	-	1.59
Add: Balance brought forward from the previous year	3,338.83	1,762.63
Balance to be carried forward	3,193.73	3,338.83

*Previous periods figures have been regrouped/rearranged wherever necessary.

Transfer to Reserve

The Company during the year under review has transferred below mentioned amount to General Reserve out of the Retained Earnings. During the year, the Company has transferred below mentioned amount to Debenture Redemption Reserve ("DRR") in accordance with the provisions of the Companies Act, 2013 read with rules made thereunder. Further, in accordance with Section 45 IC of the Reserve Bank of India Act, 1934, the Company has also transferred below mentioned amount to Special Reserve.

(₹ in Million)

Particulars	Consolidated	Standalone
	2019-20	2019-20
DRR during the year	(385.71)	31.04
Special Reserve during the year	1,325.22	617.61
General Reserve during the year	537.74	37.74

2. COMPOSITE SCHEME OF ARRANGEMENT

As informed earlier, the Board of Directors of the Company at its meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst the Company, India Infoline Finance Limited ("India Infoline"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth"), IIFL Distribution Services Limited ("IIFL Distribution") and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme"). The Scheme was filed with the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"), and the Company received an observation letter from NSE on September 11, 2018 and September 27, 2018; and from BSE on September 14, 2018 and September 28, 2018. The proposed Scheme was then filed with the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") on October 01, 2018, pursuant to which the Hon'ble NCLT directed the Company to hold a meeting of its equity shareholders on December 12, 2018. The equity shareholders of the Company at the NCLT convened meeting on December 12, 2018 approved the Composite Scheme of Arrangement with requisite majority. The Hon'ble NCLT vide its order passed on March 07, 2019 sanctioned the Composite Scheme of Arrangement and the Company received the order on March 15, 2019.

Further, the Board of Directors of the Company at its meeting held on May 13, 2019 approved the implementation of the Scheme except for merger of India Infoline Finance Limited with the Company. Accordingly, following parts of the Scheme were implemented:

1. Amalgamation of IIFL M&R with the Company;
2. Demerger of the Securities Business Undertaking of the Company into IIFL Securities;
3. Demerger of the Wealth Business Undertaking of the Company into IIFL Wealth;
4. Transfer of the Broking and Depository Participant Business Undertaking of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis.

The Securities Business Undertaking, Wealth Business Undertaking and Broking and Depository Participant Business Undertaking are defined in the Scheme and the Scheme can be accessed on the website of the Company i.e. www.iifl.com.

The Appointed Date for the amalgamation of IIFL M&R with the Company was opening hours of April 01, 2017 and for all the other steps, the Appointed Date was opening hours of April 01, 2018.

Pursuant to the Scheme, the name of the Company was changed from "IIFL Holdings Limited" to "IIFL Finance Limited" upon receipt of fresh Certificate of Incorporation dated May 24, 2019 issued by the Registrar of Companies, Mumbai and the Main Object of the Company was amended to carry on the lending business activity as that of India Infoline.

Upon the Scheme coming into effect, 1,87,18,281 & 4,50,00,000 equity shares of face value ₹ 10/- each & ₹ 2/- each respectively, held by the Company in IIFL Securities and IIFL Wealth respectively were extinguished and cancelled.

As consideration to the shareholders of the Company for the demerger of the Securities Business Undertaking and Wealth Business Undertaking, IIFL Securities issued and allotted 1 (One) fully paid up new equity share of ₹ 2 each of IIFL Securities for every 1 (One) equity share of ₹ 2 each of the Company; and IIFL Wealth issued and allotted 1 (One) fully paid up new equity share of ₹ 2 each of IIFL Wealth for every 7 (Seven) equity shares of ₹ 2 each of the Company on June 06, 2019 to the Shareholders of the Company holding equity shares on May 31, 2019 fixed as Record Date for the said purpose. Accordingly, 31,92,34,462 equity shares of ₹ 2/- each of IIFL Securities and 4,56,04,924 equity shares of ₹ 2/- each of IIFL Wealth were issued and allotted in aggregate to the Shareholders of the Company.

IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock Exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchange(s) on September 19, 2019 and September 20, 2019 respectively.

The remainder of the Scheme, i.e. the amalgamation of India Infoline with the Company was pending its implementation for the receipt of requisite approval from the RBI for an NBFC license by the Company.

The Company received the said NBFC License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the RBI to carry on the Non-Banking

Financial Activity on March 11, 2020. Thereafter, the Company decided to give effect to the merger of India Infoline and the Company with effect from March 30, 2020 with appointed date as April 01, 2018.

Consequently, the residual shareholders of India Infoline were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of ₹ 2 each in the Company for every 100 shares of ₹ 10 each held in India Infoline. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

3. REVIEW OF BUSINESS AND OPERATIONS AND STATE OF AFFAIRS OF YOUR COMPANY

During the year under review, your Company's total income, on a consolidated basis, amounted to ₹ 48,207 million. Profit before tax and exceptional items and Covid provision stood at ₹ 10,072 million. Profit after tax stood at ₹ 4,968 million, and profit after tax excluding the impact of exceptional items of Covid provision and deferred tax asset reversals stood at ₹ 7,561 million.

Our Loan assets under management (AUM) grew 9% y-o-y and 5% q-o-q to ₹ 379,511 million. The core segments of our portfolio namely affordable Home loans, Gold loans, small Business loans and Microfinance loans, grew faster at 12% y-o-y to ₹ 327,733 million. The primary drivers of the AUM growth were Gold loans, which grew by 47% y-o-y and Microfinance loans, which grew by 49% y-o-y. The synergistic products of Construction & Real-Estate finance and Capital Market loans continue to have a declining share in the portfolio.

The AUM of IIFL Home Finance Limited stood at ₹ 184,947 million as of March 31, 2020 and that of Samasta Microfinance Limited stood at ₹ 33,998 million as on March 31, 2020.

Our book continues to get more granular with about 88% of the book as at March 31, 2020 being retail in nature. Moreover, 43% of the loans are compliant with RBI's priority sector lending norms. The large share of retail and PSL compliant loans are of significant value in the prevailing environment as they can be easily Securitised/ Assigned with banks to raise long-term resources.

Our average cost of borrowings for the year rose by 43 bps y-o-y to 9.3% and Net Interest Margin (NIM) on Balance Sheet loans remained stable at 6.4% in FY20. Consolidated GNPAs and NNPAs, recognised as per RBI's prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, stood at 2.31% and 0.97% of loans respectively as against 1.96% and 0.63% respectively in FY19. Provision coverage (incl. standard assets provision), under Ind AS norms, on stage 3 assets for the year was 128% and the coverage excluding the additional provision of ₹ 2,820 million made for Covid impact stood at 88%.

Our Return on Assets and Return on Equity remained stable at 2.2% and 16.9% respectively, excluding impact of one-off items.

Despite the challenging environment for the industry, we have managed our liquidity well with adequate margin of safety. We raised long-term loans of ₹ 94,020 million in FY20. Our exposure to commercial paper continued to be nil. In February, 2020 we raised USD 400 million in through our maiden issue overseas, as part of our USD 1 billion Medium Term Notes (MTN) Programme listed on the Singapore Stock Exchange; Overseas Investors' positive response to our maiden issue is a great validation of the Company's credibility. We completed securitisation/assignment transactions of ₹ 23,077 million in Q4FY20, ₹ 23,815 million in Q3FY20, ₹ 37,208 million in Q2FY20 and ₹ 45,947 million in Q1FY20. We sold down both PSL and NPSL loans in five product categories including Home Loans, Loans against property, SME, Gold and Micro-finance, to government, private and foreign banks during the year. Our funding mix remained well diversified with NCDs including sub-ordinate debt and MTN constituting 28%, Bank term loans working capital finance and NHB re-finance constituting 40% and securitisation/ assignment constituting 32%. We had a positive ALM throughout the year, whereby inflows covered or exceeded expected outflows across all buckets.

Outlook

The Covid-19 pandemic has disrupted global economy and created unprecedented challenges. Economic activity in India was down to a standstill owing to the nation-wide lockdown in India from March 25, 2020. The NBFC industry was severely *impacted* with disruption in collections, moratorium to customers, challenges in raising funds and Banks not granting moratorium, adversely affecting our business performance in the last quarter of the financial year.

During the lockdown, IIFL migrated to a 100% work from home scenario and all business operations continued to run smoothly. However, both disbursements and physical collections were adversely impacted due to branches being closed during the lockdown period. Taking cognisance of the scenario the Company made an additional provision of ₹ 2,820 million for any potential Covid related impact on asset quality.

The Government and RBI have introduced several liquidity and stimulus measures to support the NBFC industry, however those are yet to show tangible results as at the time of writing this report.

We expect, as the lockdown starts to lift, and as stimulus measures start reaching end-customers, economic recovery will commence. The NBFC industry remains an important functionary in the economic ecosystem to fulfil credit requirement of credit starved and new to credit customers by bringing them into formal financial services ecosystem.

4. 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. You may refer to Note no. 8 of the Standalone Financial Statements for the same.

5. MACROECONOMIC OVERVIEW

Indian economic growth was constrained in FY20 as compared to the previous fiscal mainly due to the pre-existing slowdown in the economy followed by the nationwide lockdown on account of Covid-19 pandemic. Even before the pandemic outbreak, Indian economic growth was slow due to subdued consumption and investment activity. The main driving aspect for growth had been government spending. Despite these factors, India continued to be one of the fastest growing major economies around the world. Indian economy grew by 4.2% in FY20 (Source: MoSPI).

The global economy was any ways weakening even before the pandemic spread across the world, mainly due to deteriorating trade on account of the US-China trade war and the rising geo-political tensions in the Middle-East. Most advanced economies are now expected to report contraction of GDP over the next few quarters. The weakness in global growth rules out the possibility of pick up in Indian exports and the government will have to rely on internal consumption and investment to drive growth. That said, weak global growth should keep commodity prices in check which in turn will keep domestic inflation and current account deficit under control in FY21. The shape of the post-pandemic recovery curve in India depends upon the length of time for which economic activity is subdued, and damage caused by it.

6. DIVIDEND ON EQUITY SHARES

During the year 2019-20, the Board of Directors of the Company declared and paid an interim dividend of ₹ 2.25/-per equity share (i.e. 1.13 times of face value of ₹ 2/- per equity share). This led to an outgo of ₹ 719.29 million owing to dividend (excluding dividend distribution tax). Your Directors recommend that the said interim dividend be considered as final. The dividend paid during the previous financial year 2018-19 was ₹ 5/- per equity share.

The dividend payout for the year under review is in accordance with the Company's policy to pay sustainable dividend linked to long-term growth objectives of the Company, to be met by internal cash accruals.

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has adopted a Dividend Distribution Policy which is annexed as **"Annexure VI"** to this report and is available on the website of the Company i.e. www.iifl.com.

7. KEY INITIATIVES/DEVELOPMENTS

i. Public Issue of Debentures

During the year under review, India Infoline Finance Limited, (now merged with the Company), raised through Public Issue of Secured and Unsecured Redeemable Non-Convertible Debentures ("NCDs") an amount aggregating to ₹ 2442.17 million. These NCDs are listed and traded on the NSE and BSE.

Pursuant to the Composite Scheme of Arrangement approved by Hon'ble NCLT vide its order dated March 07, 2019 India Infoline Finance Limited got merged with the Company w.e.f. March 30, 2020. Accordingly, all NCDs (Public) issued by India Infoline Finance Limited were transferred in the name of the Company.

ii. Issuance of Non-Convertible Debentures on Private Placement basis

During the year under review, India Infoline Finance Limited, (now merged with the Company), raised through Private Placement of Secured and Unsecured Redeemable Non-Convertible Debentures ("NCDs") an amount aggregating to ₹ 9910.20 million. These NCDs are listed on the NSE.

Pursuant to the Composite Scheme of Arrangement approved by Hon'ble NCLT vide its order dated March 07, 2019 India Infoline Finance Limited got merged with the Company w.e.f. March 30, 2020. Accordingly, all NCDs (Private) issued by India Infoline Finance Limited were transferred in the name of the Company.

iii. Medium Term Notes Issuance

During the year under review, India Infoline Finance Limited, (now merged with the Company), raised through issue of Medium Term Notes of the face value of USD 1000 each aggregating to USD 400.00 million as part of our USD 1 billion Medium Term Notes (MTN) Programme on February 20, 2020. These MTNs are listed and traded on Singapore Stock Exchange.

iv. Term Loan from Export Development Canada

During the year under review, India Infoline Finance Limited, (now merged with the Company), raised USD 100.00 million through term loan from Export Development Canada on July 30, 2019.

v. NHB Refinance

During the year under review, National Housing Bank (NHB) sanctioned ₹ 9500.00 million refinance facility to IIFL Home Finance Limited, a Wholly Owned Subsidiary of the Company. IIFL Home Finance Limited availed ₹ 7000.00 million of refinance facility from NHB under its various refinance schemes during the year ended March 31, 2020.

vi. Funds raised by way of other Borrowings

During the year under review, India Infoline Finance Limited, (now merged with the Company), raised ₹ 8750.00 million through term loan from various banks.

vii. Sale of Mortgage Loan Business

During the year under review, India Infoline Finance Limited, (now merged with the Company), sold its mortgage loan business undertaking with its respective assets and liabilities as a going concern on a 'slump sale basis' to IIFL Home Finance Limited, a Wholly Owned Subsidiary of India Infoline Finance Limited for a lump sum purchase consideration of ₹ 6,050.00 million.

viii. Sale of Micro Finance Portfolio

During the year under review, India Infoline Finance Limited, (now merged with the Company), sold its microfinance portfolio with its respective assets and liabilities as a going concern on a 'slump sale basis' to Samasta Microfinance Limited, a Subsidiary of India Infoline Finance Limited for a lump sum purchase consideration of around ₹ 1,723.50 million.

ix. Corporate Social Responsibility (CSR) Initiative

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, i.e. www.iifl.com.

IIFL group has set-up India Infoline Foundation (generally referred to as "IIFL Foundation") a Section 8 Company under the Companies Act, 2013, which acts as the principal arm to undertake CSR initiatives on behalf of the Company & its subsidiaries.

The Company has identified focus areas for CSR initiatives which includes:-

- Girl Child Illiteracy Eradication Programme.
- Improving the quality of education in Government schools through technological interventions.
- Support to the differently abled.
- Financial Literacy and Financial Inclusion.
- Health Initiative and facilities.
- River rejuvenation and rural transformation in Maharashtra.
- Natural disaster relief and rehabilitation.
- Fighting against Covid-19 by contributing to the PM-Cares Fund, providing Personal Protective Equipment (PPEs) and actively connecting with livelihood and nutrition support programmes.

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.

x. Awards and Recognitions

During the year under review, following awards and accolades were conferred by reputable organisations, details of the same is as follows:-

- IIFL Finance received Golden Peacock Award for Risk Management from the Institute of Directors at Singapore Global Convention on Board Leadership & Risk Management.
- IIFL Finance is recognised as one of The Economic Times most Promising Brands in the BFSI segment.
- The Economic Times recognised the Chairman as one of the 'Most Promising Business Leaders of Asia' for demonstrating exemplary leadership qualities.
- IIFL Finance received the 'Most Admired Service Provider in Financial Sector' at the ET Now World BFSI Awards.
- Insights Success magazine ranks IIFL Finance as India's most trusted NBFC in a select list of top 10 NBFCs to watch in 2019.
- IIFL Finance wins the "Best Fintech NBFC of the Year Award" at the India NBFC Excellence Awards 2019.
- IIFL Finance Limited featured in 'India's Best Workplaces in BFSI 2020' – Top 25.
- India Infoline Foundation won 'Best Innovative CSR Project Award' for "Financial Literacy Centre project in East India" promoting financial awareness and inclusion in rural areas.
- India Infoline Foundation received Best CSR Impact Award for "Wadhona Nullah recharge", which impacted lives of about 10,000 people across 10 villages in Arvi block of Wardha district.
- India Infoline Foundation's flagship girl child education initiative 'Sakhiyon Ki Badi' received ET Now World CSR Award for 'Support and improvement in quality of education'.
- India Infoline Foundation also received the award for 'Best Corporate Social Responsibility Practices'.
- Ms. Madhu Jain, Director, India Infoline Foundation is recognised as one of the 'Women CSR leaders' at the prestigious World CSR Congress & Awards.
- IIFL Finance received Tata Institute of Social Sciences and LeapVault Award for 'Best on the Job Training Program' at Chief Learning Officers Summit in Mumbai.
- IIFL Finance received 'Best ATL Campaign' Award at mCube Awards for 'IIFL Bonds Campaign'.
- IIFL Finance received the Award for managing 'Best Communications Strategy of the Year' at Corporate Communication and PR Summit.
- IIFL Home Finance Limited received the Award for "Best Company of the Year - Affordable Housing" by DNA.
- IIFL Home Finance Limited received the Award for "Best Green & Sustainable Initiative in Affordable Housing" by ZEE Business.
- IIFL Home Finance Limited received the Award for Technology Initiative of the Year; Jhatpat Home Loans by ABP News.
- IIFL Home Finance Limited received the Award for Social Media Marketing by ET Now.
- IIFL Home Finance Limited received the Award for "Best Affordable Housing Finance Company of the Year" ET Now.
- IIFL Home Finance Limited received the Award for "Best Housing Finance Company of the Year" by ET NOW.
- IIFL Home Finance Limited received the Award for Developing Sustainable Strategies by ET Now.

8. SHARE CAPITAL

During the year under review, the total paid up equity share capital of the Company increased from ₹ 63,84,06,184/- to ₹ 75,66,81,844/- pursuant to allotment of 4,83,274 equity shares of ₹ 2/- each under Employee Stock Option Scheme(s) of the Company to the eligible employees and allotment of 5,86,54,556 equity shares of ₹ 2/- each to the residual shareholders of India Infoline Finance Limited pursuant to the merger as explained in para 2 of the Directors Report.

9. SECURITIZATION OF LOAN PORTFOLIO

During the year under review, your Company as an originator has undertaken securitisation transactions of total book value of loan assets amounting to ₹ 27,218.83 million and Direct Assignment transactions of total book value of loan assets amounting to ₹ 69,085.06 million.

10. EMPLOYEES STOCK OPTION SCHEMES (ESOS)

The Company has in force the following Schemes which are prepared as per the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"):

1. IIFL Finance Employees Stock Option Plan 2007 ("ESOS 2007")
2. IIFL Finance Employee Stock Option Plan 2008 ("ESOS 2008")

3. IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme ("ESOS 2020 Merger Scheme")

Further, no stock options were granted to the employees during the year under the ESOS 2007 and ESOS 2008. During the year under review 30,245 stock options granted under ESOS 2008 got lapsed and the same have been added back to the pool, which can be used for further grant.

Pursuant to the aforesaid merger of India Infoline Finance Limited with the Company, the stock option holders of India Infoline Finance Limited were required to be granted 135 stock options by the Company for every 100 stock options held in India Infoline Finance Limited, on terms and conditions similar to the ESOP Scheme of India Infoline Finance Limited. Accordingly, the Board adopted new ESOP scheme named as "IIFL Finance Employee Stock Option Plan 2020- Merger Scheme" and 82,81,111 stock options were granted under the scheme to option holders of India Infoline Finance Limited. The Company has received In principal approval from Stock Exchanges i.e. NSE and BSE on June 01, 2020 and June 03, 2020 respectively. During the year under review 15,433 stock options under ESOS 2020 Merger Scheme got lapsed.

Under Ind AS, equity settled share based payment transactions with employees are required to be accounted for as per Ind AS 102 "Share-based Payment", whereby the fair value of options as on the grant date should be estimated and recognised as an expense over the vesting period. In accordance with above, the Company has followed fair value method for equity options in its accounts.

There is no material change in Employees' Stock Option Scheme during the year under review and the Scheme is in line with SBEB Regulations. A certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SBEB Regulations and the resolution passed by the Members would be placed at the ensuing Annual General Meeting ("AGM") for inspection by Members through electronic means. The disclosures relating to ESOPs required to be made under the provisions of the Companies Act, 2013 and the SBEB Regulations are provided on the website of the Company i.e. www.iifl.com and the same is available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and Public Holidays, during business hours and through electronic means. Members can request the same by sending an email to shareholders@iifl.com till the AGM.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of investments made, loans given, guarantees given and securities provided along with the purpose for which the loan or guarantee or security was proposed to be utilised by the recipient are given at the respective places in the Standalone Financial Statement (please refer to Note 8, 9 & 37 to the standalone financial statement).

12. SUBSIDIARY COMPANIES

The Company is having following 3 (Three) subsidiaries and, does not have any Associate/Joint Venture:

Sr. No.	Particulars
1	IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited)
2	Samasta Microfinance Limited
3	Clara Developers Private Limited

During the year under review, due to the merger of India Infoline Finance Limited with the Company w.e.f. March 30, 2020 in accordance with the Composite Scheme of Arrangement as explained in para 2 above, India Infoline Finance Limited ceased to be a subsidiary of the Company.

As per the provisions of Section 129, 134 and 136 of the Companies Act, 2013 read with applicable Rules, Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Indian Accounting Standards("Ind AS"), the Board of Directors had at their meeting held on May 28, 2020 approved the Consolidated Financial Statements of the Company and its subsidiaries. Copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of each of the subsidiary companies are not attached to the accounts of the Company for the financial year 2019-20. The Company will make these documents/details available upon request by any Member of the Company. These documents/details will also be available for inspection by any Member of the Company at its registered office and at the registered offices of the concerned subsidiaries during business hours on working days and through electronic means. Members can request the same by sending an email to shareholders@iifl.com till the Annual General Meeting. The Annual Reports of all the subsidiaries are available on the website of the Company i.e. www.iifl.com. The Company's financial statements including the accounts of its subsidiaries which form part of this Annual Report are prepared in accordance with the Companies Act, 2013 and Ind AS 110.

A report on the performance and financial position of each of the subsidiaries of the Company, as per the Companies Act, 2013 is provided in the prescribed Form AOC-1 as Annexure A of the Consolidated Financial Statements and hence not repeated here for the sake of brevity.

In Line with Regulation 16 and 24 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, India Infoline Finance Limited and IIFL Home Finance Limited were the Material Subsidiaries of the Company for the financial year 2019-20. Pursuant to the Merger of India Infoline Finance Limited with the Company, India Infoline Finance Limited ceased to be the material subsidiary of the Company. Pursuant to aforesaid Regulations, IIFL Home Finance Limited and Samasta Microfinance Limited shall be the Material Subsidiaries for the financial year 2020-21. The policy on determining the material subsidiary is available on the website of the Company, i.e. www.iifl.com.

13. CAPITAL ADEQUACY

The capital adequacy ratio (Standalone) was at 17.55% as on March 31, 2020, comprising Tier I capital ratio of 13.13% against the ratio of 15% (Tier I 10%) as prescribed by the RBI.

14. ANTI CORRUPTION MECHANISM

The Company with a high regard for honesty and institutional integrity, formulated an Anti Corruption framework which consists of Anti Corruption, Gift and Whistle Blower/Vigilance policy applicable to all our employees and to our subsidiaries. The Company has responsibility both to the members and to the communities to which we do business to be transparent in all our dealings.

The Company takes a zero tolerance approach to bribery and other forms of unlawful payment. The Company's Anti Corruption framework requires that we do not engage in bribery or corruption in any form and explicitly mentions that we will not pay or procure payment of a bribe or unlawful fee to encourage the performance of a task or one which is intended or likely to compromise the integrity of another. We will not accept any payment, gift or inducement from a third party which is intended to compromise our own integrity.

The Vigilance Policy of the Company urges employees to report and escalate unfair transactions without any fear of retribution. The Code of Conduct also includes procedures dealing with Gifts and Entertainment, conflicts of interest and other important matters. Risk Assessment framework identifying inherent corruption risks has been prepared and implemented for all business and support verticals. The same is audited by our internal auditors. E-learning training and declaration on anti corruption is mandatory for our employees to ensure understanding of anti corruption policy and ways to mitigate such risk.

15. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report, in terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by the Company from an environmental, social and governance perspective is attached as part of the Annual Report.

16. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company Directions, 2016, as amended ("RBI Master Direction") the Management Discussion and Analysis Report forms part of this report.

17. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Directors

The Board comprises Mr. Nirmal Jain and Mr. R. Venkataraman as Executive Directors of the Company in their capacity of Chairman and Managing Director respectively, Mr. Nilesh Vikamsey, Mr. Arun Kumar Purwar, Mr. Vijay Kumar Chopra and Ms. Geeta Mathur are Independent Directors, Mr. Chandran Ratnaswami as Non-executive Director and Mr. Nagarajan Srinivasan as Non-Executive Director (Investor Director representing CDC Group Plc) of the Company. The Board composition is in compliance with the requirements of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the RBI Master Directions.

The Board is of the opinion that the Independent Directors of the Company have the required integrity, expertise and experience (including proficiency).

Appointment/Re-appointment of Directors

In accordance with Section 152 of the Act read with Article 157 of the Articles of Association of the Company, Mr. Nirmal Jain is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible has offered himself for re-appointment. The Board recommends the same for the approval of Shareholders.

The shareholders at the 24th AGM held on September 30, 2019 approved re-appointment of Mr. Arun Kumar Purwar and Mr. Nilesh Vikamsey, Independent Directors w.e.f. April 01, 2019, Ms. Geeta Mathur, Independent Director w.e.f. September 18, 2019 and Mr. Nirmal Jain, Whole Time Director and Mr. R Venkataraman, Managing Director w.e.f. April 23, 2020 for another term of five consecutive years.

Mr. Vijay Kumar Chopra and Mr. Nagarajan Srinivasan were appointed as Additional Directors on May 21, 2019 and subsequently the Shareholders at the 24th AGM held on September 30, 2019 approved their appointment as Independent Director & Non-Executive Director w.e.f. May 21, 2019. Post aforesaid merger of India Infoline Finance Limited with the Company, the designation and capacity of Mr. Nagarajan Srinivasan was changed to Non-Executive Director (Investor Director representing CDC Group Plc) w.e.f. May 05, 2020.

Further, Mr. R. Venkataraman was appointed as the Managing Director of IIFL Securities Limited w.e.f. May 15, 2019 and accordingly his entire remuneration is paid by IIFL Securities Limited and no remuneration is being paid to him by the Company after such appointment.

Cessation

Mr. Kranti Sinha and Mr. S. Narayan, Independent Directors of the Company resigned from the Board of Directors of the Company w.e.f. May 21, 2019, since pursuant to the Composite Scheme of Arrangement and merger of India Infoline Finance Limited with the Company majority Directors of India Infoline Finance Limited were getting appointed on the Board of the Company. The Board placed on record its deep appreciation and gratitude for the valuable contribution made by them.

b. Key Managerial Personnel

Mr. Nirmal Jain - Chairman, Mr. R. Venkataraman - Managing Director, Mr. Sumit Bali – Chief Executive Officer, Mr. Rajesh Rajak – Chief Financial Officer and Mr. Gajendra Thakur - Company Secretary are the Key Managerial Personnel as per the provisions of the Act and Rules made thereunder.

Appointment:

During the year, Mr. Sumit Bali and Mr. Rajesh Rajak were appointed by the Board as the Chief Executive Officer and Chief Financial Officer respectively of the Company w.e.f. March 12, 2020.

Cessation:

During the year, Mr. Prabodh Agrawal resigned as the Chief Financial Officer of the Company w.e.f. February 01, 2020. The Board placed on record its deep appreciation and gratitude for the valuable contribution made by him.

The Remuneration and other details of the Key Managerial Personnel for the year ended March 31, 2020 are mentioned in the Extract to the Annual Return in Form MGT-9 which is attached as **"Annexure II"** and forms a part of this report of the Directors.

18. MEETING OF DIRECTORS & COMMITTEE/BOARD EFFECTIVENESS

➢ **Meetings of the Board of Directors**

The Board met (8) Eight times during the year to discuss and approve various matters including financials, appointment of auditor, declaration of dividend, review of audit reports and other board businesses. For further details please refer to the report on Corporate Governance.

➢ **Committees of the Board**

In accordance with the applicable provisions of the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and RBI Master Directions, the Board inter alia constituted the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Asset Liability Management Committee (ALCO)
- IT Strategy Committee

Audit Committee

The Audit Committee comprises Mr. Vijay Kumar Chopra, Independent Director, Mr. Nilesh Vikamsey, Independent Director, Ms. Geeta Mathur, Independent Director and Mr. Nagarajan Srinivasan, Non-Executive Director.

The role, terms of reference and powers of the Audit Committee are in conformity with the requirements of the Act, Listing Regulations and RBI Master Directions and the same has been provided in the Corporate Governance Report.

The Committee met during the year under review and discussed on various matters including financials, internal audit reports and Audit Report. During the period under review, the Board of Directors of the Company accepted all the recommendations of the Audit Committee.

The details of Committee meetings held during the year under review are provided in the Corporate Governance Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Mr. Vijay Kumar Chopra, Independent Director, Mr. Nilesh Vikamsey, Independent Director, Mr. Arun Kumar Purwar, Independent Director and Mr. Nagarajan Srinivasan, Non-Executive Director as members of the Committee.

The role, terms of reference and powers of the Nomination and Remuneration Committee are in conformity with the requirements of the Act, Listing Regulations and RBI Master Directions and the same has been provided in the Corporate Governance Report.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a Nomination and Remuneration policy in compliance with the aforesaid provisions for selection and appointment of Directors, KMP, senior management personnel of the Company. The Nomination and Remuneration policy is available on the website of the Company, i.e. www.iifl.com.

The said policy and the details of Committee meetings held during the year under review are provided in the Corporate Governance Report.

Corporate Social Responsibility (CSR) Committee

The CSR Committee comprises Mr. Nirmal Jain, Whole Time Director, Mr. Nilesh Vikamsey, Independent Director and Mr. R. Venkataraman, Managing Director.

The Committee has approved CSR Policy of the Company and the same is available on the website of the Company i.e. www.iifl.com. The CSR Report on activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **"Annexure I"** to this report.

The roles, details of Committee meeting held during the year and the terms of reference of CSR Committee are provided in the Corporate Governance Report.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises Mr. Arun Kumar Purwar, Independent Director, Mr. Nirmal Jain, Whole Time Director and Mr. R Venkataraman, Managing Director.

The role, terms of reference and power of the Stakeholders Relationship Committee are in conformity with the requirements of the Act and Listing Regulations and the same has been provided in the Corporate Governance Report.

The details of Committee meeting held during the year under review and status of complaints are provided in the Corporate Governance Report.

Risk Management Committee

The Risk Management Committee comprises Mr. Arun Kumar Purwar, Independent Director, Mr. Nilesh Vikamsey, Independent Director, Ms. Geeta Mathur, Independent Director, Mr. Nagarajan Srinivasan, Non Executive Director, Mr. Sumit Bali, Chief Executive Officer and Mr. Anujeet Kudva, Chief Risk Officer.

The role, terms of reference and power of the Risk Management Committee are in conformity with the requirements of Regulation 21 of Listing Regulations and RBI Master Directions and the same has been provided in the Corporate Governance Report.

The details of Committee meetings held during the year under review are provided in the Corporate Governance Report.

Asset Liability Management Committee (ALCO)

The ALCO comprises Mr. Vijay Kumar Chopra, Independent Director, Mr. R Venkataraman, Managing Director, Mr. Sumit Bali, Chief Executive Officer, Mr. Rajesh Rajak, Chief Financial Officer, Mr. Bhawani Jhanwar, Financial Controller, Mr. Amarnath BS, Treasurer and Mr. Anujeet Kudva, Chief Risk Officer.

The role, terms of reference and power of the ALCO are in conformity with the requirements of the provisions of RBI Master Direction and Asset Liability Management (ALM) System for NBFCs – Guidelines and the same has been provided in the Corporate Governance Report.

IT Strategy Committee

The IT Strategy Committee comprises Mr. Nilesh Vikamsey, Chairman, Mr. Sumit Bali, Member, Mr. Shiju Rawther, Member, Mr. Aditya Sisodia, Member, Mr. Anujeet Kudva, Member, Mr. Raghunathan Balaji, Member and Mr. Sanjay Tiwari, Member.

The role, terms of reference and power of the IT Strategy Committee are in conformity with the requirements of the Master Direction - Information Technology Framework for the NBFC Sector issued by the RBI and the same has been provided in the Corporate Governance Report.

Besides the aforesaid Committees, the Board of Directors of the Company has constituted Committees comprising of Senior Management Persons for day to day operations of the Company viz. Finance Committee, Credit Committee, Environment Social and Governance Committee, etc.

➢ **Board Effectiveness**

- Familiarisation Program for the Independent Directors

  In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a Familiarisation Programme for Independent Directors to familiarise them with the working of the Company, their roles, rights and responsibilities vis-à-vis the Company, the industry in which the Company operates and business model etc.

  On a quarterly basis, presentations are made at the meeting of Board and Committees, on business, operations and performance updates of the Company and the group, important developments in the subsidiaries, relevant statutory and regulatory changes applicable to the Company, update on important legal matters pertaining to the Company and its subsidiaries.

  Details of the Familiarisation Programme are provided in the Corporate Governance Report and are also available on the website of the Company i.e. www.iifl.com.

- Board Evaluation

  Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no. SEBI/HO/CFD/CMD/ CIR/P/2017/004 dated January 05, 2017, the Board of Directors has 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 approved the evaluation results as collated by the Nomination and Remuneration Committee ("NRC"). The evaluation process, manner and performance criteria for Independent Directors in which the evaluation has been carried out is explained in the Corporate Governance Report.

  The Board considered and discussed the inputs received from the Directors. Also, the Independent Directors at their meeting held on March 30, 2020 reviewed the following:

  (a) Performance of Non-Independent Directors, various Committee of Board and the Board as a whole.

  (b) Performance of the Chairperson of the Company.

  (c) 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.

- Declaration by Independent Directors

  The Company has received necessary declaration from each Independent Director of the Company that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 ("the Act") and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The above declarations were placed before the Board and in the opinion of the Board all the Independent Director fulfils the conditions specified under the Act and the Listing Regulations and are Independent to the Management.

There has been no change in the circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact the ability of Independent Directors to discharge their duties with an objective of independent judgment and without any external influence.

- Fit and Proper Criteria & Code of Conduct

  Your Company has received undertaking and declaration from each director on fit and proper criteria in terms of the provisions of RBI Master Directions. The Board of Directors has confirmed that all existing Directors are fit and proper to continue to hold the appointment as Directors on the Board, as reviewed and recommended by the Nomination and Remuneration Committee on fit and proper criteria under RBI Master Directions.

  All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company. The Declaration of the same is provided in the Corporate Governance Report.

- Board Diversity

  The Company recognises and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage difference in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race, gender that will help us retain our competitive advantage. The policy adopted by the Board sets out its approach to diversity. The policy is available on the website of the Company i.e. www.iifl.com.

19. RISK MANAGEMENT

The Company has in place a Risk Management Committee constituted in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI Master Directions to assist the Board in overseeing the Risk Management activities of the Company, approving measurement methodologies and suggesting appropriate risk management procedures mitigating all the risks that the organisation faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks which have been identified and assessed. There is an adequate risk management infrastructure in place capable of addressing those risks.

In light of Covid-19 pandemic, the organisation has put in place an exhaustive framework to manage any event specific risk. This framework included:

i. A quick response team comprising of senior management personnel to address any people risk, be it on health front or psychological support;

ii. Customer support team to seamlessly address any customer grievances / complaints;

iii. Information technology steering committee to address technology related challenges and support;

iv. Senior management team who undertook an ongoing evaluation of asset quality and liquidity in lieu of the fast changing external environment. On an ongoing basis updates were sent to Board to apprise them on the ground situation and provide an outlook.

The Company's management monitors and reports principal risks and uncertainties that can affect its ability to achieve its strategic objectives. The Company's management systems, organisational structures, policy, processes, standards, and code of conduct together form the risk management governance system of the Company.

The Company has in place a Risk Management Policy and introduced several measures to strengthen the internal controls systems and processes to drive a common integrated view of risks, optimal and mitigation responses. This integration is enabled through a dedicated team and Risk Management, Internal Control and Internal Audit systems and processes.

20. INTERNAL FINANCIAL CONTROLS

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.

21. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company has put in place a policy for Related Party Transactions (RPT Policy), which has been approved by the Board of Directors. The policy provides for identification of Related Party Transactions (RPTs), necessary approvals by the Audit Committee/Board/ Shareholders, reporting and disclosure requirements in compliance with the Companies Act, 2013 and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All contracts executed by the Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. All such RPTs were placed before the Audit Committee/ Board for approval, wherever applicable. The Audit Committee reviews all RPTs quarterly.

The Company has obtained the shareholders approval on Material Related Party Transaction in the previous Annual General Meeting.

During the year, the Company has not entered into any contract/ arrangement/ transaction with related parties, which could be considered material in accordance with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the policy of the Company on materiality of RPTs . The policy for determining 'material' subsidiaries and the policy on materiality of RPTs and dealing with RPTs as approved by the Board may be accessed on the website of the Company i.e. www.iifl.com. You may refer to Note no. 40 of the Standalone Financial Statement, which contains related party disclosures. Since all RPTs entered into by the Company were on an arm's length basis and in the ordinary course of business and the Company had not entered into any material related party contracts, Form AOC-2 disclosure is not required to be provided.

In terms of Composite Scheme of Arrangement ("Scheme"), approved by the Hon'ble National Company Law Tribunal vide its Order dated March 07, 2019, India Infoline Finance Limited, a Non-Banking Finance Company registered with Reserve Bank of India ("RBI") and a subsidiary Company got merged with the Company w.e.f. March 30, 2020. Also, during the year, the Company received registration to act as a Non- Banking Financial Company from RBI vide registration number N-13.02386 dated March 06, 2020. Accordingly, the lending book of the Company now consists of diversified products, customer segments, geographies and varying tenors (Short Term and Long Term).

Considering the nature of business and operations, the Company will be/continue entering into various Related Party Transactions in the ordinary course of business and accordingly the Company has sought approval from shareholders for Material Related Party Transactions and details of same can be sought from the Notice Convening the Annual General Meeting of the Company.

22. ANNUAL RETURN

The details forming part of the extract of the Annual Return of the Company in form MGT – 9 is annexed herewith as **"Annexure - II"**. Further, the Annual Return is also available on the website of the Company i.e. www.iifl.com.

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 had occurred between the end of the financial year of the Company to which the financial statements relate and the date of this annual report.

24. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The additional information on energy conservation, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is appended as **"Annexure – IV"** and forms part of this Report.

25. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

In Compliance of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy/Vigil Mechanism and has established the necessary vigil mechanism for Directors, Employees and Stakeholders of the Company to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Company has disclosed the policy on the website of the Company i.e. www.iifl.com.

26. CREDIT RATING

The Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies. The following Credit ratings were assigned to India Infoline Finance Limited which got merged with the IIFL Finance Limited ("the Company") with effect from March 30, 2020:

Credit Rating Agency	Instrument / Programme	Rating as on March 31, 2020	Rating as on March 31, 2019
CARE	NCDs	CARE AA Stable	CARE AA Stable
	Long Term Bank Facilities	CARE AA Stable	CARE AA Stable
	Preference Shares	CARE AA(RPS) Stable	CARE AA(RPS) Stable
	Subordinated Debt	CARE AA Stable	CARE AA Stable
ICRA	Non-convertible Debenture Programme	[ICRA]AA (negative)	[ICRA]AA (stable)
	Subordinated Debt Programme	[ICRA]AA (negative)	[ICRA]AA (stable)
	Long-term Bank Lines	[ICRA]AA (negative)	[ICRA]AA (stable)
	Long-term Debt Programme	[ICRA]AA (negative)	[ICRA]AA (stable)
	Secured NCD Programme	[ICRA]AA (negative)	[ICRA]AA (stable)
	Unsecured NCD Programme	[ICRA]AA (negative)	[ICRA]AA (stable)
	Long-term Principal Protected Equity Linked Debenture Programme	PP-MLD[ICRA]AA (negative)	PP-MLD[ICRA]AA (stable)
	Long-term Principal Protected Market Linked Debenture Programme	PP-MLD[ICRA]AA (negative)	PP-MLD[ICRA]AA (stable)
	Commercial Paper Programme	[ICRA]A1+	[ICRA]A1+
	Commercial Paper Programme (IPO Financing)	[ICRA]A1+	[ICRA]A1+
CRISIL	Total Bank Loan Facilities Rated	CRISIL AA/Stable	CRISIL AA/Stable
	Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAr/ Stable	CRISIL PP-MLD AAr/ Stable
	Subordinated Debt	CRISIL AA/Stable	CRISIL AA/Stable
	Non-Convertible Debentures	CRISIL AA/Stable	CRISIL AA/Stable
	Commercial Paper Programme (IPO Financing)	CRISIL A1+	CRISIL A1+
	Commercial Paper	CRISIL A1+	CRISIL A1+
Brickwork	NCDs (Public Issue)	BWR AA+ 'Negative'	BWR AA+ 'Stable'
	Secured NCDs	BWR AA+ 'Negative'	BWR AA+ 'Stable'
	Unsecured Subordinated NCDs	BWR AA+ 'Negative'	BWR AA+ 'Stable'
Moody's	Long-term foreign- and local-currency senior secured ratings to USD1 billion Medium Term Note (MTN) program.	Ba3 / Stable	NA
	Corporate Family Rating (CFR)	Ba3 / Stable	NA
Fitch*	Senior secured notes issued under USD1 billion Medium Term Note (MTN) Programme	B+ / Negative Watch	NA
	Long-Term Issuer Default Rating (IDR)	B+ / Negative Watch	NA

*During the year, Fitch Ratings had assigned rating of BB- with Stable outlook on January 28, 2020 for the MTN programme and Issuance of MTN under the programme. Fitch Ratings had thereafter revised the rating to B+ with Negative Watch on March 27, 2020.

The following Credit ratings were assigned to the Company post merger of India Infoline Finance Limited with the Company:

Credit Rating Agency	Instruments	Ratings
CRISIL	Long Term Bank Lines	CRISIL AA/Stable
	Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD Aar/Stable
	Subordinated Debt	CRISIL AA/Stable
	Non-Convertible Debentures	CRISIL AA/Stable
	Commercial Paper Programme (IPO Financing)	CRISIL A1+
`ICRA	Long-term Bank Lines	[ICRA]AA (negative)
	Secured NCD Programme	[ICRA]AA (negative)
	Subordinated Debt Programme	[ICRA]AA (negative)
	Unsecured NCD Programme	[ICRA]AA (negative)
	Long-term Principal Protected Equity Linked Debenture Programme	PP-MLD[ICRA]AA (negative)
	Long-term Principal Protected Market Linked Debenture Programme	PP-MLD[ICRA]AA (negative)
	Commercial Paper Programme	[ICRA]A1+
	Commercial Paper Programme (IPO Financing)	[ICRA]A1+
Brickwork	NCDs Public Issue	BWR AA+ 'Negative'
	Secured NCDs	BWR AA+ 'Negative'
	Unsecured Subordinated NCDs	BWR AA+ 'Negative'
CARE*	Long Term Bank Lines	CARE AA Negative
	Non-convertible Debenture	CARE AA Negative
	Subordinated Debt	CARE AA Negative
Fitch	Long-Term Issuer Default Rating (IDR)	B+ / Negative Watch
	Senior secured notes issued under USD1 billion Medium Term Note (MTN) Programme	B+ / Negative Watch
Moody's ^	Corporate family rating (CFR)	B1 / Review for downgrade
	Long-term foreign- and local-currency senior secured ratings to USD1 billion Medium Term Note (MTN) program.	B1 / Review for downgrade

* CARE Ratings has reaffirmed the rating i.e CARE AA, however the outlook has been revised to Negative from Stable.

^ Moody's rating had revised the rating to B1 from Ba3; ratings remain under review for downgrade on May 29, 2020.

Further, CRISIL has assigned rating "CRISIL A1+" to the Commercial paper of IIFL Finance Limited (Formerly known as IIFL Holdings Limited) and there has been no change in the said rating from the previous year.

27. PREVENTION OF SEXUAL HARASSMENT

Your Company recognises its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has put in place a Policy on prevention of Sexual Harassment of Women at workplace and has duly constituted an Internal Complaints Committee under the same.

The details of complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the Corporate Governance Report.

28. PARTICULARS OF EMPLOYEES

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

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as 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 others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the Members at the Registered Office of the Company during business hours on working days and through electronic means, up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary, at shareholders@iifl.com whereupon a copy would be sent.

29. STATUTORY AUDITORS

M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W/W-100018) ("Deloitte"), were appointed as the Statutory Auditors of the Company by the Members at the 22nd Annual General Meeting ("AGM") held on July 22, 2017 for a term of five years, i.e. from the conclusion of the 22nd AGM till the conclusion of the 27th AGM. However, Deloitte vide its letter dated June 07, 2020, resigned as the Statutory Auditors of the Company since the audit fees is not commensurate to the efforts that they would be incurring to conduct an audit for the Financial Year 2020-21 in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013.

Based on the recommendations of the Audit Committee, the Board of Directors of the Company, at its meeting held on June 07, 2020, noted and accepted the resignation of Deloitte. The Board also placed on record its appreciation to Deloitte for their contribution to the Company with their audit processes and standards of auditing.

In this regard, after obtaining their consent and eligibility certificate under Section 139(1) of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on June 07, 2020 appointed M/s V Sankar Aiyar & Co, Chartered Accountants (Firm Registration Number: 109208W) as the Statutory Auditors of the Company under Section 139(8)(i) of the Companies Act, 2013, to fill the casual vacancy consequent to the resignation of Deloitte.

M/s V Sankar Aiyar & Co, Chartered Accountants is a well-known firm of Chartered Accountants having 10 partners with offices in Mumbai, New Delhi and Chennai. The firm also holds a Peer Review Certificate No. 11660 dated April 15, 2019 issued by the Peer Review Board of the Institute of Chartered Accountants of India valid till April 14, 2022.

As required by Section 139(8)(i) of the Companies Act, 2013, the appointment is also to be ratified and approved at a general meeting of the Company. Accordingly, the Board of Directors recommends the said appointment for the ratification and approval of shareholders at the ensuing AGM of the Company.

Further, the Board, on the recommendation of the Audit Committee and subject to the approval of the shareholders, approved appointment of M/s V Sankar Aiyar & Co (Firm Registration Number: 109208W) as the Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of the ensuing 25th AGM till the conclusion of the 30th AGM to be held in the 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.

Appropriate resolution seeking Members' approval for the appointment of M/s V Sankar Aiyar & Co as the Statutory Auditors of the Company is appearing in the Notice convening the ensuing AGM of the Company.

The Audit for FY 2019-20 was conducted by Deloitte 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.

30. SECRETARIAL AUDIT

The Board had appointed M/s Nilesh Shah & Associates, Practicing Company Secretaries to conduct Secretarial Audit of the Company for the financial year 2019-20. The Auditor had conducted the audit and their report thereon was placed before the Board. The report of the Secretarial Auditor is annexed herewith as **"Annexure – III"** to this report. There are no qualifications or observations in the Report.

31. REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditor 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.

32. RBI DIRECTIONS

Your Company complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the RBI as applicable to your Company as a systemically important non-deposit taking NBFC.

The Company has in place the system of ensuring compliance with applicable provisions of Foreign Exchange Management Act, 1999 and rules made thereunder and for certification from the Statutory Auditor of the Company on an annual basis.

33. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices as prevalent globally. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the RBI Master Directions forms an integral part of this Report. The requisite certificate from the M/s Nilesh Shah & Associates, Practicing Company Secretaries confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

Your Company has complied with all the norms prescribed by the RBI including the Fair Practices Code, Anti Money Laundering and Know Your Customer (KYC) guidelines besides other guidelines.

34. COMPLIANCE WITH THE SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

35. DEPOSITS

During the period under review, your Company did not accept/ renew any deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under and as such, no amount of principal or interest was outstanding as on the balance sheet date. Further, The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

36. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed and their are no 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 the Companies Act, 2013 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;

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.

37. GENERAL

Your Directors state that during the financial year 2019-20:

1. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
2. The Company has not issued any sweat equity shares during the year.

3. There are no significant and material orders passed against the Company by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operations.

4. The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Companies Act, 2013 and the Rules framed there under.

5. Except as disclosed in Para 2, there is no change in nature of business of the Company.

6. The details of Debenture Trustees of the Company are as follows:

Catalyst Trusteeship Limited	**IDBI Trusteeship Services Limited**	**Milestone Trusteeship Services Private Limited**
Address- GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (right), Kothrud, Pune– 411038	Address- Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai-400001	Address- Cowrks Worli, PS56, 3rd Floor, Birla Centurion, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400030
Phone- 022 49220555	Phone- +91 22 40807001	Phone- +91 22 62886119
Fax No- 022 49220505	Fax No-+91 22 66311776	Fax No- +91 22 67167077
Email-complianceCTL-Mumbai@ctltrustee.com	Email-itsl@idbitrustee.com	Email-milindshah@milestonetrustee.in
Website-www.catalysttrustee.com	Website- www.idbitrustee.com	Website- www.milestonetrustee.in

38. APPRECIATION

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Reserve Bank of India, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, government and other regulatory Authorities, stock exchanges, other statutory bodies, Company's bankers, Members and employees of the Company for the assistance, cooperation and encouragement and continued support extended to the Company.

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

For and on behalf of the Board

Nirmal Jain
Chairman
(DIN: 00010535)

Date: June 07, 2020
Place: Mumbai

ANNEXURE – I
to Directors' Report

The Annual Report on Corporate Social Responsibility (CSR) Activities of IIFL 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) Rules, 2015]

1. OUTLINE OF CSR POLICY

The CSR Policy and projects of IIFL Finance Limited (Formerly known as IIFL Holdings Limited) are steered by the same values that guide the business of the IIFL Finance & its subsidiaries (herein after referred as **"IIFL Finance")**. It can be summarised in one acronym – GIFTS, which stands for:

- **G**rowth
- **I**ntegrity
- **F**airness
- **T**ransparency
- **S**ervice Orientation

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

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

- Child Illiteracy Eradication Programme
- Financial Literacy
- Health Initiative
- Livestock Development Programme
- Water Conservation
- Natural Disaster
- Fight against outbreak of Covid-19 pandemic

The CSR Project of IIFL Finance is managed by India Infoline Foundation (generally referred as "IIFL Foundation"). The CSR Policy adopted by IIFL Finance is available on the website of the Company i.e. www.iifl.com.

2. COMPOSITION OF THE CSR COMMITTEE

IIFL Finance has constituted a CSR Committee of the Board that fulfills 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:

- Mr. Nirmal Jain - Chairman & Whole Time Director
- Mr. R Venkataraman - Managing Director
- Mr. Nilesh Vikamsey - Independent Director

3. PRESCRIBED CSR EXPENDITURE

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

During the year, India Infoline Finance Limited, a material subsidiary of the Company, got merged with the Company w.e.f. March 30, 2020 (Appointed Date April 01, 2018) in terms of the order passed by the Hon'ble NCLT dated March 07, 2019 approving the Composite Scheme of Arrangement. The average net profit of the Company of the last three financial years was ₹ 29,93,44,115/- and the average net profit of India Infoline Finance Limited of the last three financial years was ₹ 5,70,99,66,439/- aggregating to ₹ 6,00,93,10,554/-.

ii. **Prescribed CSR Expenditure:**

In terms of the provisions of Section 135 the recommended CSR expenditure for the financial year 2019-20 of IIFL Finance Limited was ₹ 59,86,882/- and for India Infoline Finance Limited it was ₹ 11,42,00,000/- aggregating to ₹ 12,01,86,882/-.

iii. **Amount Spent:**

During the financial year 2019-20, IIFL Finance Limited and India Infoline Finance Limited both have spent their entire aforesaid budget on various social development activities, thereby fulfilled its commitment of spending 2% on its CSR activities.

iv. **Amount unspent:**

Nil

Annexure – I (Contd.)

4. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

During FY 2019-20, IIFL Finance spent a total of ₹ 12,01,86,882/- on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below:

Sr. No.	Projects/ Activities	Sector	Locations	Amount Outlay (Budget) Projects or Programs wise	Amount Spent on the Projects or Programs	Cumulative Expenditure upto Reporting Period	Amount Spent : Direct or through Implementing Agency
1	Eradicating child illiteracy	Education	Rajasthan	₹ 7,06,80,825/-	₹ 7,06,80,825/-	₹ 7,06,80,825/-	Through India Infoline Foundation.
2	Financial Literacy	Education	PAN India	₹ 1,97,32,805/-	₹ 1,97,32,805/-	₹ 1,97,32,805/-	Through India Infoline Foundation.
3	Health Initiative-Aarogaya	Health	Rajasthan	₹ 40,56,810/-	₹ 40,56,810/-	₹ 40,56,810/-	Through India Infoline Foundation.
4	Livestock Development Programme	Health	Rajasthan, Karnataka	₹ 16,98,450/-	₹ 16,98,450/-	₹ 16,98,450/-	Through India Infoline Foundation.
5	Water Conservation	Environment	Maharashtra	₹ 34,31,250/-	₹ 34,31,250/-	₹ 34,31,250/-	Through India Infoline Foundation.
6	Disaster Relief	Environment	Odisha	₹ 5,86,742/-	₹ 5,86,742/-	₹ 5,86,742/-	Through India Infoline Foundation.
7	Covid-19	Health	India	₹ 2,00,00,000/-	₹ 2,00,00,000/-	₹ 2,00,00,000/-	Through India Infoline Foundation.

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 1218 schools across 11 districts of Rajasthan for girls known as - Sakhiyon ki Baadi (SKB). This literacy initiative engages over 35,964 girls, primarily from eight tribal communities of Rajasthan and has completed 3 years. It has brought over 3000+ girls in the main fold education by their enrolment in government schools.

IIFL Foundation also runs mobile learning centers - 'Raathsaala', for promoting literacy among the Rebari Tribe from Sirohi district that migrate with their families and cattle for over eight months in a year. IIFL Foundation runs 'Chauras'– A learning centre cum crèche for children of migrant construction workers, operational near the construction site. IIFL Foundation has digitized learning by installation of 'Smart Boards' – an interactive digital learning tool, at nine Govt. Schools across Rajasthan.

ii) Financial Literacy: IIFL Foundation has taken steps towards empowerment of women through Financial Literacy in East and North-East states of India. IIFL Foundation has established 8 Financial Literacy Centers (FLC) reaching out to over 1,08,991 beneficiaries. The initiative pays special attention towards participation & inclusion of women in financial planning of their household, by developing their interest in planning & management of savings, investments in financial products and availing financial inclusion schemes by government.

iii) Arogya – Health Initiative: Arogya is an unique health initiative to conduct primary health assessment of 35,000+ girls across 11 districts in Rajasthan. The primary objective of this project is to improve the health status of children falling in the age bracket of 6-14 years, especially the girls. The secondary objective is to make available special care to the children found to be in need of medical attention.

iv) 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.

Annexure – I (Contd.)

v) **Water Conservation:** Agriculture is the prime occupation in rural India and is directly dependent on water and it's the groundwater supply that contributes more than 85% of rural India's needs for irrigation. IIFL Foundation partnered with Maharashtra State Government to rejuvenate Arvi River and its tributaries in Wardha district of Maharashtra by artificial recharge methodology to improve ground water conditions. The project covered an overall geographical area of 6,564 hectares, benefiting 16 villages across Wardha district.

vi) **Fight against Covid-19 outbreak:** Corona (Covid-19) pandemic has shaken countries across the world by bringing most of their operations to a lockdown. India has come together to fight the battle by initiating a lockdown and taking various economic and health measures to deal with the crisis. IIFL Foundation showed it's support to Prime Minister's efforts by contributing to the PM-Cares Fund and has also extended support to various hospitals by providing personal protective gears through the industry body FICCI. IIFL Group has also engaged it's over 18000 employees to volunteer and contribute during this period as per their wish.

5. RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE

Through this report, IIFL Finance 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.

For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

Nirmal Jain
Chairman
(DIN: 00010535)

R. Venkataraman
Managing Director
(DIN: 00011919)

Date: June 07, 2020
Place: Mumbai

ANNEXURE – II

to Directors' Report

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L67100MH1995PLC093797
ii)	Registration Date	October 18, 1995
iii)	Name of the Company	IIFL Finance Limited (Formerly known as IIFL Holdings Limited)
iv)	Category/ Sub-Category of the Company	Category-Public Company Limited by Shares Sub Category-Indian Non-Government Company.
v)	Address of the Registered office and contact details	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane-400604 Tel No.: (91-22) 4103 5000 Fax No.: (91-22) 25806654 Email: shareholders@iifl.com
vi)	Whether listed company	Yes (equity shares and debentures are listed)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 49186000 Fax: +91 22 49186060 E-mail : rnt.helpdesk@linkintime.co.in, bonds.helpdesk@linkintime.co.in Website: www.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 are given below:-

Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the Company
Other Credit Granting	6492*	98%

*As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company is having following 3 (Three) subsidiaries and does not have any Associate/Joint Venture

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	IIFL Home Finance Limited (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 – 400604.	U65993MH2006PLC166475	Subsidiary	100	2(87)

Annexure – II (Contd.)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
2	Clara Developers Private Limited	IIFL, 30/30E, UGF, Main Shivaji Marg Najafgarh Road, Opp, CCT Mall, Delhi New Delhi -110015.	U70100DL2011PTC213406	Subsidiary	100	2(87)
3	Samasta Microfinance Limited	#110/3, Lalbagh Main Road, Krishnappa Layout, Bangalore- 560027.	U65191KA1995PLC057884	Subsidiary	98.89	2(87)

Registered address of the Companies were changed on April 15, 2019 and May 27, 2019 respectively.

Note: Pursuant to the Composite Scheme of Arrangement approved by the Hon'ble National Company Law Tribunal ("NCLT") vide its order passed on March 07, 2019, India Infoline Finance Limited a Subsidiary of the Company got merged with the Company w.e.f. March 30, 2020 accordingly it ceased to be a Subsidiary of the Company.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Sr. No.	Category of Shareholders	No. of shares held at the beginning of the year (As on April 01, 2019)				No. of shares held at the end of the year (As on March 31, 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	88661432	0	88661432	27.7759	89524586	0	89524586	23.6624	(4.1135)
(b)	Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Any Other (Specify)									
	Persons Acting In Concert	4000000	0	4000000	1.2531	4818904	0	4818904	1.2737	0.0206
	Sub Total (A) (1)	**92661432**	**0**	**92661432**	**29.0290**	**94343490**	**0**	**94343490**	**24.9361**	**(4.0929)**
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b)	Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)									
	Sub Total (A)(2)	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0.0000**
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**92661432**	**0**	**92661432**	**29.0290**	**94343490**	**0**	**94343490**	**24.9361**	**(4.0929)**
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	3532774	0	3532774	1.1067	11839	0	11839	0.0031	(1.1036)
(b)	Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Alternate Investment Funds	989139	0	989139	0.3099	1223449	0	1223449	0.3234	0.0135
(d)	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Foreign Portfolio Investor	76496820	0	76496820	23.9649	76094737	0	76094737	20.1127	(3.8522)

Annexure – II (Contd.)

Sr. No.	Category of Shareholders	No. of shares held at the beginning of the year (As on April 01, 2019)				No. of shares held at the end of the year (As on March 31, 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(f)	Financial Institutions / Banks	37953	0	37953	0.0119	89281	0	89281	0.0236	0.0117
(g)	Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
(h)	Provident Funds/ Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i)	Any Other (Specify)									
	Sub Total (B)(1)	**81056686**	**0**	**81056686**	**25.3935**	**77419306**	**0**	**77419306**	**20.4628**	**(4.9307)**
[2]	Central Government/ State Government(s)/ President of India									
	Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Sub Total (B)(2)	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0.0000**
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	11713723	48051	11761774	3.6847	12383441	47791	12431232	3.2857	(0.3990)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	22498581	0	22498581	7.0484	18956430	0	18956430	5.0104	(2.0380)
(b)	NBFCs registered with RBI	218930	0	218930	0.0686	1201	0	1201	0.0003	(0.0683)
(c)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Any Other (Specify)									
	Trusts	8676	0	8676	0.0027	81073	0	81073	0.0214	0.0187
	Foreign Nationals	242357	0	242357	0.0759	242557	0	242557	0.0641	(0.0118)
	Hindu Undivided Family	415836	0	415836	0.1303	428186	0	428186	0.1132	(0.0171)
	Investor Education and Protection Fund	26244	0	26244	0.0082	26244	0	26244	0.0069	(0.0013)
	Foreign Companies	84641445	0	84641445	26.5165	143143032	0	143143032	37.8344	11.3179
	Non Resident Indians (Non Repat)	5963487	0	5963487	1.8682	10648898	0	10648898	2.8146	0.9464
	Non Resident Indians (Repat)	16665109	225000	16890109	5.2913	15670664	225000	15895664	4.2014	(1.0899)
	Office Bearers	72014	0	72014	0.0226	0	0	0	0.0000	(0.0226)
	Foreign Portfolio Investor (Individual)	0	0	0	0.0000	55000	0	55000	0.0145	0.0145
	Clearing Member	291254	0	291254	0.0912	495434	0	495434	0.1309	0.0397
	Bodies Corporate	2379267	0	2379267	0.7454	4173175	0	4173175	1.103	0.3576
	Sub Total (B)(3)	**145136923**	**273051**	**145409974**	**45.5541**	**206305335**	**272791**	**206578126**	**54.6011**	**9.0470**
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	**226193609**	**273051**	**226466660**	**70.9475**	**283724641**	**272791**	**283997432**	**75.0639**	**4.1164**
	Total (A)+(B)	**318855041**	**273051**	**319128092**	**99.9765**	**378068131**	**272791**	**378340922**	**100**	**0.0235**
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	0	0	0	0.0000	0	0	0	0.0000	0.0000
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	75000	0	75000	0.0235	0	0	0	0	(0.0235)
	Total (A)+(B)+(C)	**318930041**	**273051**	**319203092**	**100**	**378068131**	**272791**	**378340922**	**100**	**0.0000**

Annexure – II (Contd.)

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 01, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% 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	Nirmal Bhanwarlal Jain	46402000	14.5368	0.0000	47265154	12.4927	0.0000	(2.0441)
2	Venkataraman Rajamani	10984432	3.4412	0.0000	10984432	2.9033	0.0000	(0.5379)
3	Madhu N Jain	12075000	3.7829	0.0000	12075000	3.1916	0.0000	(0.5913)
4	Aditi Athavankar	200000	0.0627	0.0000	200000	0.0529	0.0000	(0.0098)
5	Aditi Avinash Athavankar (In her capacity as Trustee of Kalki Family Private Trust)	9000000	2.8195	0.0000	9000000	2.3788	0.0000	(0.4407)
6	Ms. Harshita Jain & Mr. Mansukhlal Jain (In their capacity as Trustees of Nirmal Madhu Family Private Trust)	10000000	3.1328	0.0000	10000000	2.6431	0.0000	(0.4897)
7	Ardent Impex Pvt Ltd	2700000	0.8459	0.0000	3518904	0.9301	0.0000	0.0842
8	Orpheus Trading Pvt Ltd	1300000	0.4073	0.0000	1300000	0.3436	0.0000	(0.0637)
	Total	**92661432**	**29.0290**	**0.0000**	**94343490**	**24.9361**	**0.0000**	**(4.0929)**

Note:- *The change in percentage of shareholding during the year is due to allotment of equity shares under Employees Stock Option Scheme to employees, allotment of 5,86,54,556 equity shares to the residual shareholders of India Infoline Finance Limited pursuant to the merger of India Infoline Finance Limited with the Company under Composite Scheme of Arrangement approved by Hon'ble NCLT vide its order dated March 07, 2019 and also due to purchase of equity shares by the Promoters of the Company.

iii) Change in Promoters Shareholding

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on April 01, 2019)		Transactions during the year		Cumulative Shareholding at the end of the year (As on March 31, 2020)	
		No. of Shares	% of total Shares of the Company	Date of Transaction	No. of Shares	No of Shares*	% of total Shares of the Company*
1	Nirmal Bhanwarlal Jain	46402000	14.5368				
	Purchase			Sep 20, 2019	500000	46902000	12.3968
	Purchase			Mar 18, 2020	132609	47034609	12.4318
	Purchase			Mar 19, 2020	95035	47129644	12.4569
	Purchase			Mar 20, 2020	35510	47165154	12.4663
	Purchase			Mar 24, 2020	17483	47182637	12.4709
	Purchase			Mar 26, 2020	82517	47265154	12.4927
	At the end of the year					47265154	12.4927
2	Madhu N Jain	12075000	3.7829				
	At the end of the year					12075000	3.1916
3	Venkataraman Rajamani	10984432	3.4412				
	At the end of the year					10984432	2.9033
4	Ms. Harshita Jain and Mr. Mansukhlal Jain (In their capacity as Trustees of Nirmal Madhu Family Private Trust)	10000000	3.1328				
	At the end of the year					10000000	2.6431
5	Aditi Avinash Athavankar (In her capacity as Trustee of Kalki Family Private Trust)	9000000	2.8195				
	At the end of the year					9000000	2.3788

Annexure – II (Contd.)

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on April 01, 2019)		Transactions during the year		Cumulative Shareholding at the end of the year (As on March 31, 2020)	
		No. of Shares	% of total Shares of the Company	Date of Transaction	No. of Shares	No of Shares*	% of total Shares of the Company*
6	Ardent Impex Pvt Ltd	2700000	0.8459				
	Purchase			Sep 27, 2019	159731	2859731	0.7559
	Purchase			Sep 30, 2019	93728	2953459	0.7806
	Purchase			Nov 28, 2019	435195	3388654	0.8957
	Purchase			Dec 13, 2019	17592	3406246	0.9003
	Purchase			Dec 16, 2019	66155	3472401	0.9178
	Purchase			Dec 17, 2019	41669	3514070	0.9288
	Purchase			Dec 18, 2019	4834	3518904	0.9301
	At the end of the year					3518904	0.9301
7	Orpheus Trading Pvt Ltd	1300000	0.4073				
	At the end of the year					1300000	0.3436
8	Aditi Athavankar	200000	0.0627				
	At the end of the year					200000	0.0529

Note:- *The change in percentage of shareholding during the year is due to allotment of equity shares under Employees Stock Option Scheme to employees, allotment of 5,86,54,556 equity shares to the residual shareholders of India Infoline Finance Limited pursuant to the merger of India Infoline Finance Limited with the Company under Composite Scheme of Arrangement approved by Hon'ble NCLT vide its order dated March 07, 2019 and also due to purchase of equity shares by the Promoters of the Company.

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

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on April 01, 2019)		Transactions during the year		Cumulative Shareholding at the end of the year (As on March 31, 2020)	
		No. of shares	% of total shares of the Company	Date of transaction	No. of shares	No. of shares*	% of total shares of the Company*
1	FIH Mauritius Investments Ltd	84641445	26.5165				
	At the end of the year					84641445	22.3717
2	CDC Group Plc	0	0.0000				
	Allotment pursuant to merger of India Infoline Finance Limited with the Company in terms of Order dated March 07, 2019 passed by the Hon'ble NCLT approving the Composite Scheme of Arrangement			Mar 30, 2020	58501587	58501587	15.4627
	At the end of the year					58501587	15.4627
3	HWIC Asia Fund Class A shares	28362530	8.8854				
	At the end of the year					28362530	7.4966
4	Parajia Bharat Himatlal	15200000	4.7619				
	Purchase			Oct 04, 2019	38737	15238737	4.0278
	Purchase			Oct 11, 2019	333960	15572697	4.1160
	Purchase			Nov 08, 2019	1339451	16912148	4.4701
	Purchase			Nov 15, 2019	372053	17284201	4.5684
	Purchase			Nov 22, 2019	1095394	18379595	4.8579
	Purchase			Nov 29, 2019	366457	18746052	4.9548
	Purchase			Mar 06, 2020	217509	18963561	5.0123
	Purchase			Mar 13, 2020	431979	19395540	5.1265

Annexure – II (Contd.)

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on April 01, 2019)		Transactions during the year		Cumulative Shareholding at the end of the year (As on March 31, 2020)	
		No. of shares	% of total shares of the Company	Date of transaction	No. of shares	No. of shares*	% of total shares of the Company*
	Purchase			Mar 20, 2020	405226	19800766	5.2336
	Purchase			Mar 27, 2020	125000	19925766	5.2666
	At the end of the year					19925766	5.2666
5	WF Asian Reconnaissance Fund Limited	9515355	2.9810				
	Purchase			Nov 08, 2019	2185212	11700567	3.0926
	Purchase			Nov 15, 2019	500388	12200955	3.2249
	Purchase			Nov 22, 2019	225000	12425955	3.2843
	Purchase			Nov 29, 2019	127542	12553497	3.3180
	Purchase			Dec 06, 2019	277944	12831441	3.3915
	At the end of the year					12831441	3.3915
6	Bank Muscat India Fund	12598222	3.9468				
	At the end of the year					12598222	3.3299
7	Satpal Khattar	6216528	1.9475				
	Sell			Nov 22, 2019	(1000000)	5216528	1.3788
	At the end of the year					5216528	1.3788
8	Vanguard Total International Stock Index Fund	3700555	1.1593				
	Sell			Apr 26, 2019	(97714)	3602841	0.9523
	Sell			Dec 27, 2019	(300366)	3302475	0.8729
	Sell			Dec 31, 2019	(21838)	3280637	0.8671
	Sell			Jan 10, 2020	(7799)	3272838	0.8650
	Sell			Mar 06, 2020	(36217)	3236621	0.8555
	Sell			Mar 20, 2020	(4435)	3232186	0.8543
	Sell			Mar 27, 2020	(112674)	3119512	0.8245
	Sell			Mar 31, 2020	(38904)	3080608	0.8142
	At the end of the year					3080608	0.8142
9	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	3598534	1.1273				
	Purchase			Apr 12, 2019	6766	3605300	0.9529
	Purchase			May 10, 2019	3150	3608450	0.9538
	Sell			Jun 21, 2019	(11542)	3596908	0.9507
	Sell			Dec 27, 2019	(299870)	3297038	0.8714
	Sell			Dec 31, 2019	(21802)	3275236	0.8657
	Sell			Jan 10, 2020	(7786)	3267450	0.8636
	Sell			Mar 06, 2020	(36905)	3230545	0.8539
	Sell			Mar 20, 2020	(3817)	3226728	0.8529
	Sell			Mar 27, 2020	(112606)	3114122	0.8231
	Sell			Mar 31, 2020	(38837)	3075285	0.8128
	At the end of the year					3075285	0.8128
10	Dimensional Emerging Markets Value Fund	2626942	0.8230				
	Sell			Nov 15, 2019	(6394)	2620548	0.6926
	Sell			Dec 20, 2019	(4947)	2615601	0.6913
	Sell			Dec 27, 2019	(18178)	2597423	0.6865
	Sell			Dec 31, 2019	(14364)	2583059	0.6827

Annexure – II (Contd.)

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on April 01, 2019)		Transactions during the year		Cumulative Shareholding at the end of the year (As on March 31, 2020)	
		No. of shares	% of total shares of the Company	Date of transaction	No. of shares	No. of shares*	% of total shares of the Company*
	Sell			Jan 03, 2020	(16386)	2566673	0.6784
	Sell			Jan 10, 2020	(14228)	2552445	0.6746
	Sell			Jan 17, 2020	(4671)	2547774	0.6734
	Sell			Jan 24, 2020	(6389)	2541385	0.6717
	Sell			Jan 31, 2020	(7903)	2533482	0.6696
	Sell			Feb 07, 2020	(19830)	2513652	0.6644
	Sell			Feb 14, 2020	(4046)	2509606	0.6633
	Sell			Mar 31, 2020	(13138)	2496468	0.6598
	At the end of the year					2496468	0.6598

*The changes in the percentage of the shareholdings of the above shareholders is due to allotment of equity shares under Employee Stock Option Scheme to the employees, allotment of 5,86,54,556 equity shares to the residual shareholders of India Infoline Finance Limited pursuant to the merger of India Infoline Finance Limited with the Company under Composite Scheme of Arrangement approved by Hon'ble NCLT vide its order dated March 07, 2019 and also due to purchases/sell of equity shares by the shareholders of the Company.

v) Shareholding of Directors and Key Managerial Personnel ("KMP")

Sr. No.	Name of Directors and KMP	Shareholding at the beginning of the year (As on April 01, 2019)		Change in Shareholding (No. of shares)		Cumulative Shareholding at the end of the year (As on March 31, 2020)	
		Number of Shares	% of total shares of the Company	Increase	Decrease	Number of Shares	% of total shares of the Company
1	Mr. Nirmal Jain**	4,64,02,000	14.5368	8,63,154	0	4,72,65,154	12.4927
2	Mr. R. Venkataraman*	1,09,84,432	3.4412	0	0	1,09,84,432	2.9033
3	Mr. Nilesh Vikamsey*	1,65,000	0.0517	0	0	1,65,000	0.0436
4	Mr. Kranti Sinha^	1,15,000	0.0360	0	0	N.A.	N.A.
5	Mr. Arun Kumar Purwar*	95,000	0.0298	0	0	95,000	0.0251
6	Mr. Prabodh Agrawal^	27,31,019	0.8556	0	0	N.A.	N.A.
7	Mr. Gajendra Thakur**	6,000	0.0019	4,050	6,000	4,050	0.0011
8	Mr. Sumit Bali^	N.A.	N.A.	N.A.	N.A.	4,900	0.0013

*The change in percentage of shareholding is due to allotment of equity shares under Employee Stock Option Scheme to employees and allotment of 5,86,54,556 equity shares to the residual shareholders of India Infoline Finance Limited pursuant to the merger of India Infoline Finance Limited with the Company under Composite Scheme of arrangement approved by Hon'ble NCLT vide its order dated March 07, 2019.

** The change in percentage of shareholding during the year is due to allotment of equity shares under Employees Stock Option Scheme to employees, allotment of 5,86,54,556 equity shares to the residual shareholders of India Infoline Finance Limited pursuant to the merger of India Infoline Finance Limited with the Company under Composite Scheme of arrangement approved by Hon'ble NCLT vide its order dated March 07, 2019 and also due to purchase/sell of equity shares by the Directors/KMPs of the Company.

^Mr. Kranti Sinha and Mr. Prabodh Agrawal ceased to be Director and Chief Financial Officer of the Company w.e.f. May 21, 2019 and February 01, 2020 respectively. Mr. Sumit Bali was appointed by the Board as the Chief Executive Officer of the Company w.e.f. March 12, 2020.

Annexure – II (Contd.)

V. INDEBTEDNESS

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

(₹ in Million)

	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year as on April 01, 2019				
(i) Principal amount	86,998.79	43,312.75	-	1,30,311.14
(ii) Int. due but not paid	-	-	-	-
(iii) Int. accrued but not due	1,636.27	535.02	-	2,171.29
Total (i+ii+iii)	**88,635.05**	**43,847.37**	**-**	**1,32,482.43**
Changes in Indebtedness during the year				
Addition	95,658.62	2,49,943.50	-	3,45,152.12
Reduction	57,290.04	2,76,750.83	-	3,34,040.87
Net Change	**38,368.58**	**(27,257.33)**	**-**	**11,111.25**
Indebtedness at the end of the financial year as on March 31, 2020				
(i) Principal amount	1,25,367.36	16,055.02	-	1,41,422.39
(ii) Int. due but not paid	-	-	-	-
(iii) Int. accrued but not due	1,671.28	714.48	-	2,385.76
Total (i+ii+iii)	**1,27,038.64**	**16,769.50**	**-**	**1,43,808.15**

Note:

The indebtedness at the beginning of the year is of India Infoline Finance Limited, Subsidiary Company which got merged with the Company w.e.f. March 30, 2020 pursuant to the Composite Scheme of Arrangement approved by the Hon'ble NCLT vide its order passed on March 07, 2019.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director ("MD"), Whole-time Directors ("WTD") and/or Manager

(Amount in ₹)

Particulars of Remuneration	**Name of MD/WTD/ Manager**		**Total Amount**
Name of MD/WTD/Manager	***Mr. Nirmal Jain**	****Mr. R. Venkataraman**	
Gross salary			
(a) Salary, as per provisions contained in Section17(1) of the Income Tax Act, 1961	8,48,92,000	54,57,727	9,03,49,727
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	4,790	4,790
(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0	0	0
Stock Option	0	0	0
Sweat Equity	0	0	0
Commission			
- as % of profit	0	0	0
- others, specify	0	0	0
Others [Gratuity, Leave and Company's contribution towards PF, pension fund and NPS]	20,81,032	38,903	21,19,935
Total (A)	**8,69,73,032**	**55,01,420**	**9,24,74,452**
Ceiling as per the Act	₹ 17,58,08,889/- being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013.		

* Entire remuneration was paid by the subsidiary of the Company i.e. India Infoline Finance Limited which got merged with the Company w.e.f March 30, 2020 under the Composite Scheme of Arrangement approved by the Hon'ble NCLT vide its Order dated March 07, 2019.

** The remuneration of Mr. R Venkataraman for the period April 01, 2019 to May 14, 2019 was paid by the subsidiary of the Company i.e. India Infoline Finance Limited which got merged with the Company w.e.f March 30, 2020 under the Composite Scheme of Arrangement approved by the Hon'ble NCLT vide its Order dated March 07, 2019. Mr. R Venkataraman was also appointed as the Managing Director of IIFL Securities Limited, another group Company w.e.f May 15, 2019 and thereafter his entire Remuneration was paid by IIFL Securities Limited.

Annexure – II (Contd.)

B. Remuneration to other directors

(Amount in ₹)

Particulars of Remuneration	Name of Directors								Total Amount
Name of Director	Mr. Arun Kumar Purwar	Mr. Nilesh Vikamsey	Mr. Kranti Sinha#	Dr. S Narayan#	Ms. Geeta Mathur	Mr. Chandran Ratnaswami	Mr. Vijay Kumar Chopra##	^Mr. Nagarajan Srinivasan##	
Independent Directors									
- Fees for attending board/ committee meetings@	3,90,000	12,00,000	1,95,000	1,20,000	10,05,000	N.A.	12,30,000	N.A.	41,40,000
- Commission	10,00,000	10,00,000	-	-	10,00,000	N.A.	10,00,000	N.A.	40,00,000
- Others, please specify	-	-	-	-	-	N.A.	-	N.A.	-
Total (1)	**13,90,000**	**22,00,000**	**1,95,000**	**1,20,000**	**20,05,000**	**N.A.**	**22,30,000**	**N.A.**	**81,40,000**
Other Non-Executive Directors									
- Fees for attending board/ committee meetings	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	-	-
i. Commission	-	-	-	-	-	-	-	-	-
ii. others, please specify	-	-	-	-	-	-	-	-	-
Total (2)	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**-**	**N.A.**	**-**	**-**
Total (B)=(1+2)	**13,90,000**	**22,00,000**	**1,95,000**	**1,20,000**	**20,05,000**	**-**	**22,30,000**	**-**	**81,40,000**
Total Managerial Remuneration									**10,06,14,452***
Overall Ceiling as per the Act			₹ 19,33,89,777/- being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act , 2013.						

@The sitting fees includes the fees paid as independent director of India Infoline Finance Limited for its Committees and Board Meetings attended.

*Total Remuneration paid to Managing & Whole Time Directors and Fees & Commission paid to Non Executive Directors.

Mr. Kranti Sinha and Mr. S Narayan ceased to be Directors w.e.f. May 21, 2019.

Mr. Vijay Kumar Chopra and Mr. Nagarajan Srinivasan were appointed by the Board as Additional Directors of the Company w.e.f. May 21, 2019 and subsequently their appointment as Directors were approved by the shareholders at the 24th Annual General Meeting of the Company held on September 30, 2019.

^ The capacity of Mr. Nagarajan Srinivasan was changed to Non-Executive Director (Investor Director representing CDC Group Plc) on the Board of the Company w.e.f. May 05, 2020.

C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director

(Amount in ₹)

Particulars of Remuneration	Name of the Key Managerial Persons				Total Amount
	Mr. Sumit Bali*^ (Chief Executive Officer)	Mr. Prabodh Agrawal** (Chief Financial Officer)	Mr. Rajesh Rajak* (Chief Financial Officer)	Mr. Gajendra Thakur^ (Company Secretary)	
Gross salary					
a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,87,65,968	1,22,85,951	21,25,442	71,61,375	6,03,38,736
b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	33,000	-	-	33,000
c. Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-	-	-

Annexure – II (Contd.)

(Amount in ₹)

Particulars of Remuneration	Name of the Key Managerial Persons				Total Amount
	Mr. Sumit Bali*^ (Chief Executive Officer)	Mr. Prabodh Agrawal** (Chief Financial Officer)	Mr. Rajesh Rajak* (Chief Financial Officer)	Mr. Gajendra Thakur^ (Company Secretary)	
Stock Option	-	-	-	-	-
Sweat Equity	-	-	-	-	-
Commission - as % of profit	-	-	-	-	-
Others, please specify [Gratuity, Leave and Company's contribution towards PF and pension fund]	17,52,781	4,94,922	18,308	10,61,120	33,27,131
Total	**4,05,18,749#**	**1,28,13,873**	**21,43,750**	**82,22,495**	**6,36,98,867**

^Excluding accounting charges as per Ind AS for Stock Options granted. During the financial year under review, the Company has granted 22,73,400 and 36,450 stock options to Mr. Sumit Bali and Mr. Gajendra Thakur respectively in lieu of 16,84,000 and 27,000 stock options held by them in India Infoline Finance Limited in the ratio of 135 options of IIFL Finance Limited for every 100 options held in India Infoline Finance Limited due to merger of India Infoline Finance Limited with the Company pursuant to the Composite Scheme of Arrangement approved by Hon'ble NCLT vide its Order dated March 07, 2019.

*Mr. Sumit Bali and Mr. Rajesh Rajak were appointed by the Board as the Chief Executive Officer and Chief Financial Officer of the Company w.e.f. March 12, 2020.

**Mr. Prabodh Agrawal resigned as the Chief Financial Officer of the Company w.e.f. February 01, 2020.

The remuneration of Mr. Sumit Bali was paid by the subsidiary of the Company i.e. India Infoline Finance Limited which got merged with the Company w.e.f. March 30, 2020 under the Composite Scheme of Arrangement approved by Hon'ble NCLT vide its order dated March 07, 2019.

VII. PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			**NIL**		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

Nirmal Jain
Chairman
(DIN: 00010535)

Date: June 07, 2020
Place: Mumbai

ANNEXURE – III
to Directors' Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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 Finance Limited

(Formerly IIFL Holdings Limited)

IIFL House, Sun Infotech Park,

Road No. 16V, Plot No. B-23,

Thane Industrial Area,

Wagle Estate, Thane – 400 604

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by **IIFL Finance Limited** (formerly IIFL Holdings Limited) (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st March 2020, 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 further report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st March 2020, according to the provisions of:

(i) The Companies Act, 2013 and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company;

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

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (to the extent applicable);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) 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;

   (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (g) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(vi) Considering activities, the Company is also subject to compliance of the following laws specifically applicable to the Company:

(a) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 (license transferred on May 13, 2019 consequent upon Composite Scheme of Arrangement) and;

(b) The Securities and Exchange Board of India (Investment Advisors) Regulations, 2013 (license transferred on May 13, 2019 consequent upon Composite Scheme of Arrangement).

(vii) Provisions of Reserve Bank of India Act, 1934 and Regulations / Guidelines issued by Reserve Bank of India from time to time as applicable to Non-deposit accepting NBFCs (w.e.f. March 11, 2020). The Company has initiated NBFC activities post-merger of India Infoline Finance Limited with the Company w.e.f. March 30, 2020.

We have verified systems and mechanism which is in place and followed by the Company to ensure Compliance of these specifically applicable Laws mentioned at serial no. vi and vii (in addition to the above mentioned Laws (i to v) and applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the same.

We have also examined compliance with the applicable clauses of:

(a) Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of the Companies Act, 2013;

(b) Listing Agreement(s) entered with stock exchanges.

We further Report that, during the year, it was not mandatory on the part of the Company to comply with the following Regulations / Guidelines:

(a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(b) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have no observation of instances of non-Compliance in respect of the same. We further state that due to non-availability of taxonomy for NBFC Ind-AS by the Ministry of Corporate Affairs (MCA), the Company is not able to file Form AOC-4 NBFC (Ind AS) for FY ended 31st March 2019 with MCA.

We further report that:

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

We also report that adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and shorter notice in case of urgency and a system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the representation made by the Company and its Officers, we herewith report that majority decisions are carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of Acts, Laws and Regulations applicable to the Company, we 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 under review, there were no specific event / action that can have a major bearing on the Company's affairs except as mentioned below:

1. The Company has received approval of Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench on March 7, 2019 for Composite Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 amongst IIFL Holdings Limited, India Infoline Media & Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited and their respective shareholders. Certified copy of the said order of the Tribunal was received by the Company on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019 for complying with the provisions of Section 232 (5) of the Companies Act, 2013.

Annexure – III (Contd.)

2. Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of India Infoline Finance Limited with the Company shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by the Company from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by the Company, the Company gave effect to the Scheme (except for the part relating to amalgamation of India Infoline Finance Limited with the Company) w.e.f. May 13, 2019.

3. The Company received the Non-Banking Financial Company License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the Reserve Bank of India to carry on the Non Banking Financial Activity on March 11, 2020. Thereafter, the Company gave effect to the amalgamation of India Infoline Finance Limited with the Company with effect from March 30, 2020 with Appointed Date as April 01, 2018. Consequently, the residual shareholders of India Infoline Finance Limited were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of ₹ 2 each in the Company for every 100 shares of ₹ 10 each held in India Infoline Finance Limited. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

Note: This Report is to be read along with **attached Letter provided as "Annexure - A".**

Name: Nilesh Shah
For Nilesh Shah & Associates
Company Secretaries
FCS : 4554
C.P. : 2631

Date: June 07, 2020
Place: Mumbai
UDIN: F004554B000323895

'ANNEXURE A'

To

The Members,

IIFL Finance Limited

(Formerly IIFL Holdings Limited)

IIFL House, Sun Infotech Park,

Road No. 16V, Plot No. B-23,

Thane Industrial Area,

Wagle Estate, Thane – 400 604

Dear Sir / Madam,

Sub: Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and we rely on Auditors Independent Assessment on the same.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of process followed by the Company to ensure adequate Compliance.
6. Due to COVID-19 outbreak and Lockdown situation, for some of the information, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form without physically verifying their office.
7. 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.

Name: Nilesh Shah
For Nilesh Shah & Associates
Company Secretaries
FCS : 4554
C.P. : 2631

Date: June 07, 2020
Place: Mumbai
UDIN: F004554B000323895

ANNEXURE – IV

to Directors' Report

Information relating to conservation of energy, technology absorption and innovation and foreign exchange earnings/ outgo forming part of the Directors' Report in terms of Section 134(3) (m) of the Companies Act, 2013.

CONSERVATION OF ENERGY:

The Company is engaged in providing finance and 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;
- Installed Thin Film Transistor (TFT) monitors that saves power;
- Shutting off all the lights when not in use;
- Light Emitting Diode (LED) lights;
- Minimising air-conditioning usage;
- 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 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 ABSORPTION AND INNOVATION:

Information Technology at IIFL Finance is the core element which drives business growth and forms the backbone of our organisation. Information Technology is used as a strategic tool which comprises industry standard business applications and robust IT infrastructure setup which are used to manage business operations which improves our overall productivity and efficiency and provide seamless and world class experience to our customers.

With highly secured information systems and with adequate controls which are currently in place, we are able to manage our nationwide operations efficiently, market effectively to our target customers and effectively monitor and control risks.

IIFL Finance remains committed to investing in technology to provide a competitive edge and contribute in business that is scalable. Digital and analytics continue to be the key focus areas to bring in agility, availability and relevance. Data and Cyber Security is also considered as a paramount importance for the organisation.

Highlights of the current year:

- Organisation released a mobile application for collections that was adopted quite well owing to its ease and speed.
- Customers benefited from computer vision capabilities that have matured in the market to helping auto-fill form basis the documents available. This reduced the time to open new accounts with fewer rework cycles.
- Functionality enhanced of reminder calls to customers to ensure they had money in their account during EMI due dates and many similar intimations were also automated, improving efficiencies for both customer and the organisation.
- We utilised our investments in secure remote access technology which has enabled employees to safely work from home without any impact to business operations during the pandemic.
- The Company successfully completed the ISO 27001:2013 annual recertification in February, 2020.
- The Organisation complied with various norms of regulatory bodies such as RBI & NHB for Information Technology & Cyber Security requirements.
- Organisation has adopted DevOps methodology for application releases and this has benefited us in terms of quicker release cycles. These DevOps pipelines have additionally provided us increased confidence in our applications releases, while safeguarding the sanctity of the release.
- Next Generation Firewall is implemented to enhance the perimeter security posture.
- Web application Firewall is implemented to enhance the application security posture.
- Content Deliver Network services is implemented to enhance the performance of web portals.
- Brand Protection is implemented to protect the abuse of the IIFL brands.
- DNS Security services is implemented to prevent threats to IIFL from DNS levels.
- Next Generation Antivirus is implemented to enhance the end point security and server protection from Malwares.

- Secure cloud based proxy is implemented to enhance the capability to align the Internet policy at Corporate Office and Broadband Branches.
- Anti-Phishing solution implemented to protect users from phishing attacks.
- Sangrah android application (Collection Application) has been developed to record collections on digital platforms for Gold Loan, Small and Medium Enterprises, Digital Finance. Collection officers can collect money, provide customer receipts and deposit to Branch/ Bank.
- IIFL loans application received positive customer's sentiments with improved ratings on Play store 4.0 rating and iOS to 4.4 rating. The application is used to create 20,000+ leads and 30,000+ transactions on a monthly basis.
- Major enhancements done in Gold Loan in ROI Revision Module and Flexi Scheme.
- Pennant LOS & LMS platform has been implemented and deployed for offline SME products. This platform allows case origination, credit workflow, eligibility rule engine, disbursements, loan servicing as well as collection. Integrations with IIFL middle-ware or third party vendors were deployed on Pennant.

Major projects of Personal Loan/Digital Finance/Small and Medium Enterprises were executed in the last year as below-

- Personal Loan cross-sell fully digitalised journey, where we are selling Personal Loan to the existing Gold Loan , Broking and 5 Paisa Customers
- Digital Finance : Foreclosure module added for partners
- Fraud scorecard implementation in Small and Medium Enterprises
- Salaried Business Loan product launched in Small and Medium Enterprises
- eNach integration in Small and Medium Enterprises and Digital Finance
- COVID-19 scheme launched in the period of Pandemic for customers benefits

As the Organisation 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. Technology is a trusted ally in creating business value.

FOREIGN EXCHANGE EARNINGS/OUTGO OF THE STANDALONE COMPANY:

a) The foreign exchange earnings: Nil

b) The foreign exchange expenditure: ₹ 733.99 million

RESEARCH AND DEVELOPMENT (R & D):

The Company is engaged in finance and financial services and so there were no activities in the nature of research and development involved in the business.

Amount of expenditure incurred on Research and Development:

Particulars	March 31, 2020	March 31, 2019
Capital	**Nil**	Nil
Revenue	**Nil**	Nil

For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

Nirmal Jain
Chairman
(DIN: 00010535)

Date: June 07, 2020
Place: Mumbai

ANNEXURE – V
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.	Requirement	Disclosure	
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	*Executive Chairman – Mr. Nirmal Jain	321.11x
		**Managing Director – Mr. R Venkataraman	20.80x
		Non Executive Director@	
		Mr. Nilesh Vikamsey	3.78x
		Dr. S Narayan#	N.A.
		Ms. Geeta Mathur	3.78x
		Mr. Kranti Sinha#	N.A.
		Mr. Arun Kumar Purwar	3.78x
		Mr. Chandran Ratnaswami	Nil
		Mr. Vijay Kumar Chopra$	3.78x
		Mr. Nagarajan Srinivasan$	Nil
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	Executive Chairman	25%
		Managing Director	N.A.#
		CFO	N.A.^
		CS	12%
		CEO	N.A.^^
		Non-Executive Director	
		Mr. Nilesh Vikamsey	Nil
		Dr. S Narayan#	N.A.
		Ms. Geeta Mathur	Nil
		Mr. Kranti Sinha#	N.A.
		Mr. Arun Kumar Purwar	Nil
		Mr. Chandran Ratnaswami	Nil
		Mr. Vijay Kumar Chopra$	Nil
		Mr. Nagarajan Srinivasan$	Nil
III	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 13%. 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.	
IV	The number of permanent employees on the rolls of the Company	The Company had 10,514 employees on the rolls as on March 31, 2020.	
V	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.	
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes it is confirmed	

Annexure – V (Contd.)

* Entire remuneration was paid by the subsidiary of the Company i.e. India Infoline Finance Limited which got merged with the Company w.e.f March 30, 2020 under the Composite Scheme of Arrangement approved by the Hon'ble NCLT vide its Order dated March 07, 2019.

** The remuneration of Mr. R Venkataraman for the period April 01, 2019 to May 14, 2019 was paid by the subsidiary of the Company i.e. India Infoline Finance Limited which got merged with the Company w.e.f March 30, 2020 under the Composite Scheme of Arrangement approved by the Hon'ble NCLT vide its Order dated March 07, 2019. Mr. R Venkataraman was also appointed as the Managing Director of IIFL Securities Limited, another group Company w.e.f May 15, 2019 and thereafter his entire Remuneration was paid by IIFL Securities Limited.

^ Mr. Rajesh Rajak was appointed by the Board as the Chief Financial Officer of the Company w.e.f. March 12, 2020 and Mr. Prabodh Agrawal resigned as the Chief Financial Officer of the Company w.e.f. February 01, 2020. Mr. Prabodh Agrawal got no increment in the Financial year 2019-20.

^^ Mr. Sumit Bali was appointed by the Board as the Chief Executive Officer of the Company w.e.f. March 12, 2020.

@ Sitting fees is not forming part of remuneration in aforesaid calculation.

Mr. Kranti Sinha and Mr. S Narayan ceased to be Independent Director w.e.f. May 21, 2019.

$Mr. Vijay Kumar Chopra was appointed as an Independent Director and Mr. Nagrajan Srinivasan was appointed as Non Executive Director of the Company w.e.f. May 21, 2019.

For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

Nirmal Jain
Chairman
(DIN: 00010535)

Date: June 07, 2020
Place: Mumbai

ANNEXURE – VI
to Directors' Report

Dividend Distribution Policy

PURPOSE & SCOPE

IIFL Finance Limited has in place Board approved dividend policy covering the Company and the Subsidiaries as adopted on March 01, 2011. SEBI has recently mandated vide Notification dated July 08, 2016 that top 500 Companies (in terms of market capitalisation) need to have a Dividend Distribution Policy in place.

Accordingly, this policy is to put into place the norms for the determination and declaration of dividend on equity capital by IIFL Finance Limited and its subsidiaries. While considering distribution and payment of dividend, the Company will ensure compliance with all the applicable provisions of the law including provisions of the Companies Act, SEBI, RBI, NHB and Income Tax Rules and Regulations etc related thereto.

TOTAL DIVIDEND

1. At the Holding Company level, the total dividend payout for any financial year will be minimum 15% and maximum up to 35% (including applicable taxes on distribution of Dividend) of the consolidated profit after tax of the Company after Minority Interest.
2. At the Subsidiary level, the total dividend payout may be up to 100% of the respective consolidated / standalone profit after tax of the respective subsidiary.

FACTORS/ PARAMETERS THAT WOULD BE CONSIDERED WHILE DECLARING DIVIDEND

I. The financial parameters that shall be considered while declaring dividend.

   While considering the total dividend at Holding Company and at each of the Subsidiaries the following will be taken into account:

   a. The business plan and actual performance, the capital requirements, free cash flow, debt equity ratio (considering new capital, ESOPs, retained earnings, minimum net worth requirements as per respective regulatory requirements etc.)

   b. Adequacy of profits including the accumulated balance in Profit & Loss account and

   c. Taxes on dividend.

   The Board may consider a higher distribution with adequate justification or on special occasions.

II. The circumstances under which the shareholders:

   i. May expect dividend:

      a. Surplus in Profit & loss (P&L) Statement

      b. Profits in any Financial Year are more than 10% of the equity capital of the Company

   ii. May not expect dividend:

      a. If there are losses as per P&L Statement (including accumulated balance in P&L account)

      b. Profit in the any Financial Year is less than 10% of the equity capital.

      c. If the total income from business/PAT from its ordinary activities in any Financial Year declines by more than 75% from the previous year.

      d. If the business is seriously affected and visibility is uncertain.

III. Internal and external factors that shall be considered for declaration of dividend:

   i. Internal Factors:

      a. Projected investment in business/new business

      b. Projected investments in Subsidiaries/ Associates in the year and next year.

      c. Networth/Capital adequacy as required under respective Regulatory requirements.

   ii. External Factors:-

      i. State of Economy/Industry/business

      ii. Statutory Taxes/levies – Changes in income tax rates, DDT etc

IV. The retained earnings shall be utilised for:

   i. Proposed Capital expenditure

   ii. Investments/acquisitions

   iii. General corporate purposes including contingencies

   iv. Capital restructuring

V. Parameters that shall be adopted with regard to various classes of shares:

   The Company has only one class of equity shareholders at present.

PERIODICITY OF DISTRIBUTION

On a yearly basis, the Holding and Subsidiary Companies may distribute by way of Interim Dividend/s a substantial portion of the total dividend of the Company. The balance portion will be declared by way of final dividend considering the full year's accounts and will be paid after the approval of shareholders at the Annual General Meeting of the Company.

DISCLOSURES

a. This policy will be made available on the Company's website.

b. The policy will also be disclosed in the Company's annual report

AMENDMENTS TO THE POLICY

The Board shall review and amend this Policy as and when required. Any subsequent amendment/modification in the regulation and/or other applicable laws in this regard shall automatically apply to this policy.

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the year ended on March 31, 2020 has been issued in compliance with the applicable provisions of Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof and forms a part of the Director's Report to the Members of IIFL Finance Limited (Formerly known as IIFL Holdings Limited) ("the Company").

1. OUR COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company follows the highest standards of governance and disclosure. The Company firmly believes that adherence to business ethics and sincere commitment to corporate governance will help the Company to achieve its vision of being the most respected Company in the financial services space in India. Since inception, the Promoters have demonstrated exemplary track record of governance and utmost integrity. The Company is in compliance with the requirements of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Corporate Governance and Disclosure norms for Non-Banking Financial Companies issued by Reserve Bank of India vide chapter XI of Non-Banking Financial Company – systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 ("RBI Master Direction"). With the implementation of stringent employee code of conduct policy and adoption of a Whistle Blower Policy, the Company has moved ahead in its pursuit of excellence in corporate governance.

Our Board has Independent Directors, highly respected for their professional integrity as well as rich financial and banking experience and expertise.

2. BOARD OF DIRECTORS

(a) Composition of the Board of Directors

The Board of Directors ("Board") of the Company has an optimum combination of executive and non-executive directors (including one independent woman director) in line with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and RBI Master Directions. The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders.

The Chairman of the Board is an Executive Director and majority of the Board comprises Non-Executive and Independent Directors. None of the Directors of the Company are related to each other. The composition of the Board is as follows:

Category	Name of the Directors
Executive Directors	Mr. Nirmal Jain (Chairman & Promoter)
	Mr. R. Venkataraman (Managing Director & Co-Promoter)
Independent Directors	Mr. Vijay Kumar Chopra
	Mr. Nilesh Vikamsey
	Mr. Arun Kumar Purwar
	Ms. Geeta Mathur
Non-Executive Director other than Independent Directors	Mr. Chandran Ratnaswami
	Mr. Nagarajan Srinivasan

Mr. Kranti Sinha and Mr. S Narayan ceased to be Independent Directors of the Company w.e.f. May 21, 2019. Mr. Vijay Kumar Chopra and Mr. Nagarajan Srinivasan were appointed by the Board as Additional Directors of the Company w.e.f. May 21, 2019 and subsequently their appointment as Directors were approved by the shareholders at the 24th Annual General Meeting of the Company held on September 30, 2019 and later on the capacity of Mr. Nagarajan Srinivasan was changed to Non-Executive Director (Investor Director representing CDC Group Plc) on the Board of the Company w.e.f. May 05, 2020.

(b) Matrix chart of core skills / expertise / competencies of the Board members

The Board of Directors of the Company has adopted policy on Board Diversity. It seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds. For the purpose of Board composition, diversity includes, but is not limited to, educational and functional background, industry experience, geography, age, insider status, gender and ethnicity. The skills and backgrounds collectively represented on the Board reflect the diverse nature of the business environment in which the Company operates.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a matrix chart setting out the core skills/expertise/competence of the Board is mentioned below:

Sr. No.	Skills/Expertise/ Competence	Mr. Nirmal Jain	Mr. R Venkataraman	Mr. Vijay Kumar Chopra	Mr. Nilesh Vikamsey	Mr. Arun Kumar Purwar	Ms. Geeta Mathur	Mr. Chandran Ratnaswami	Mr. Nagarajan Srinivasan
1.	Knowledge of sector	✓	✓	✓	✓	✓	✓	✓	✓
2.	Accounting and Finance	✓	✓	✓	✓	✓	✓	✓	✓
3.	Corporate Governance & Compliances	✓	✓	✓	✓	✓	✓	✓	✓
4.	Marketing Experience	✓	✓	✓	✓	✓	✓	✓	✓
5.	Strategy development and Implementation	✓	✓	✓	✓	✓	✓	✓	✓
6.	Information Technology	✓	✓	✓	✓	✓	✓	✓	✓
7.	Stakeholders Relationship	✓	✓	✓	✓	✓	✓	✓	✓
8.	Risk Management system	✓	✓	✓	✓	✓	✓	✓	✓
9.	CEO/ Senior Management Experience/ Leadership	✓	✓	✓	✓	✓	✓	✓	✓

(c) Brief profiles of the Directors are as follows:

- MR. NIRMAL JAIN (Chairman)

  Mr. Nirmal Jain is the founder and Chairman of the Company. He holds a PGDM (Post Graduate Diploma in Management) from the Indian Institute of Management (IIM), Ahmedabad and is a rank holder Chartered Accountant and a Cost Accountant. He started his career in 1989 with Hindustan Unilever Limited. He founded IIFL Group in 1995. It started as an independent equity research company in India. Over the last 25 years, he has led the expansion of the group, while remaining focused on financial services. The group through four listed entities, has leading presence in India's Wealth & Asset management, consumer lending, securities trading & discount Broking spaces. With an impeccable track record of governance and growth, the group has attracted marquee investors and won accolades internationally.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	IIFL Home Finance Limited	Non-Executive Director
	IIFL Wealth Management Limited	Non-Executive Director

- MR. R. VENKATARAMAN (Managing Director)

  Mr. R. Venkataraman, is the Co-Promoter and Managing Director of the Company. He holds Post Graduate Diploma in Management from Indian Institute of Management (IIM), Bangalore and Bachelor in Electronics and Electrical Communications Engineering from IIT Kharagpur. He joined the Company's Board in July 1999. He has been contributing immensely in the establishment of various businesses and spearheading key initiatives of the group over the past 21 years. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US and Barclays – BZW. He worked as an Assistant Vice President with G E Capital Services India Limited in their private equity division. He has a varied experience of more than 29 years in the financial services sector.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	IIFL Home Finance Limited	Non- Executive Director
	IIFL Wealth Management Limited	Non- Executive Director
	IIFL Securities Limited	Executive Director / Managing Director

- MR. VIJAY KUMAR CHOPRA (Independent Director)

  Mr. Vijay Kumar Chopra is a fellow member of the Institute of Chartered Accountants of India. He was the whole-time member of SEBI for two years; prior to that he has been a career banker and has held several top positions during his 36 years of experience in banking industry. Some of his accomplishments include being the Chairman and Managing Director in Corporation Bank and SIDBI, 3 years as an Executive Director in Oriental Bank of Commerce and 31 years in various capacities in Central Bank of India.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Greenlam Industries Limited	Independent Director
	Future Enterprises Limited	Independent Director
	Sheela Foam Limited	Independent Director
	IIFL Facilities Services Limited	Independent Director

- MR. NILESH VIKAMSEY (Independent Director)

  Mr. Nilesh Vikamsey is a senior partner at Khimji Kunverji & Co LLP, an 82-year-old Chartered Accountants firm, which is a member firm of HLB International. He is presently Member of the Advisory Committee on Mutual Funds & Corporate Governance Committee of Securities and Exchange Board of India (SEBI), Risk Management Committee of Central Depository Services (India) Limited (CDSL), and Expert Advisory Committee of Institute of Chartered Accountants of India (ICAI). He is the Past President of ICAI. He was an observer on the Board of International Federation of Accountants and Member of IFAC's Technology Advisory Group. He was a member of IRDA. He was the Chairman of SEBI's Qualified Audit Report Committee and member of Corporate Governance Committee chaired by Uday Kotak, Primary Market Advisory Committee and Committee on Disclosures and Accounting Standards (SCODA). He is a Speaker/Chairman, at various seminars, meetings, lectures held by various Committees, Regional Councils, Branches & Study Circles of ICAI, Bankers Training College of the RBI, Comptroller & Auditor General of India (C&AG) and various other organisations.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Navneet Education Limited	Non- Executive Director
	Thomas Cook (India) Limited	Independent Director
	PNB Housing Finance Limited	Independent Director
	SBI Life Insurance Company Limited	Independent Director
	SBI Cards and Payment Services Limited	Independent Director
	IIFL Wealth Management Limited	Independent Director

- MR. A. K. PURWAR (Independent Director)

  Mr. Arun Kumar Purwar works as Chairman of Eroute Technologies Private Limited, a fintech Co. He also works as an Independent Director in Companies across diverse sectors like power, telecom, steel, engineering consultancy, pharma and financial services. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India ("SBI") from 2002 to 2006 and Chairman of the Indian Bank Association during 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala and has been associated in the setting up of SBI Life. Post his retirement from SBI, he was associated with a leading industry house in setting up the first healthcare focused private equity fund as well as a non-banking finance company focused on funding real estate projects as well as educational institutions. He has won a number of awards including the CEO of the year award from the Institute of Technology and Management (2004), "Outstanding Achiever of the Year" award from the Indian Banks' Association (2004) and "Finance Man of the Year" Award by the Bombay Management Association in 2006.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	IIFL Home Finance Limited	Independent Director
	Jindal Steel & Power Limited	Independent Director
	Alkem Laboratories Limited	Independent Director
	Balaji Telefilms Limited	Independent Director

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- MR. CHANDRAN RATNASWAMI (Non-Executive Director)

  Mr. Chandran Ratnaswami is a Non-Executive Director of the Company. He is the Chief Executive Officer and Director of Fairfax India Holdings Corporation, a Company listed on the Toronto Stock Exchange and is also a Managing Director of Hambli Watsa Investment Counsel Limited, a wholly owned investment management company of Fairfax Financial Holdings Limited. Hamblin Watsa provides discretionary investment management to all the insurance and reinsurance subsidiaries of Fairfax and currently manages approximately $ 40 billion of assets.

  Mr. Ratnaswami serves on the Boards of, among others, Quess Corp Limited, Bangalore International Airport Limited, National Collateral Management Services Limited, Go Digit General Insurance Limited, Thomas Cook (India) Limited, Fairbridge Capital Private Limited in India, Zoomer Media, Fairfax India Holdings Corporation in Canada, Thai Reinsurance, Thailand, and Fairfirst Insurance Limited, Sri Lanka. Mr. Ratnaswami holds a Bachelor's degree in Civil Engineering from IIT Madras, India and an MBA from the Rotman School of Management, University of Toronto, Canada.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Thomas Cook (India) Limited	Non- Executive Director
	Quess Corp Limited	Non- Executive Director
	Sanmar Engineering Services Limited	Non- Executive Director

- MR. NAGARAJAN SRINIVASAN (Non-Executive Director) (Investor Director representing CDC Group Plc)

  Mr. Nagarajan Srinivasan is the Managing Director and Head–Asia of CDC India, a wholly-owned subsidiary of CDC Group Plc., London, based in Bengaluru since 2013. His role relates to all CDC's investments in South Asia for its three lines of activity: Funds & Capital Partnerships, Direct Equity investments and Debt/Structured Finance. He joined Commonwealth Development Corporation, London in 1996, and was seconded to Africa where he served for about 4 years. He moved to India in 2000 and worked for Actis Private Equity Fund between 2004-2012. He has been on the board of several companies as Director and currently he is on the boards of 9 CDC investee companies in India. Mr. Nagarajan Srinivasan holds a MA (Economics) from Madras University and PGDBM from Warwick School of Business and has completed senior Leadership program from Harvard Business School.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Equitas Small Finance Bank Limited	Non- Executive Director

- MS. GEETA MATHUR (Independent Director)

  Ms. Geeta Mathur is an experienced finance professional having worked as a banker both on the asset side and risk side and with large corporate treasuries and investor relations. She started her career with ICICI, where she worked for over 10 years in the field of project, corporate and structured finance as well represented ICICI on the Board of reputed companies such as Eicher Motors, Siel Limited etc. She then worked in various capacities in large organisations such as IBM and Emaar MGF across areas of Corporate Finance, Treasury, Risk Management and Investor relations. She currently serves as an independent director in various large organisations across manufacturing and services such as Motherson Sumi Systems Limited, Info Edge (India) Limited, NIIT Limited, Tata Communication Transformation Services Limited. She co-chairs the India chapter of Women Corporate Directors Foundation, a global membership organisation and community of women corporate directors with a mission to foster a powerful, trusted community of influential women corporate directors. She is a graduate in Commerce from Shriram College of Commerce, Delhi University and did her articles with PriceWaterhouse while pursuing her CA.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Motherson Sumi Systems Limited	Independent Director
	NIIT Limited	Independent Director
	JTEKT India Limited	Independent Director
	Info Edge (India) Limited	Independent Director
	IIFL Wealth Management Limited	Independent Director

Note: The above list of Directorship of all the Directors in other listed Companies is as on March 31, 2020.

(d) Board Meetings and Directorship / Committee Membership(s) of Directors

During the year under review, eight (8) Board Meetings were held on the following dates: April 10, 2019, April 30, 2019, May 13, 2019, May 14, 2019, August 14, 2019, October 23, 2019, January 27, 2020 and March 12, 2020.

As mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof, none of the Directors on the Board of the Company is Member of more than ten (10) specified Committees and none is a Chairman of more than five (5) specified Committees in which they are Directors across all the Indian Public Limited Companies except Companies incorporated under Section 8 of the Companies Act, 2013.

None of the Independent Directors serves as an Independent Director in more than seven (7) listed entities (Equity Listed). None of the Directors holds directorship in more than seven (7) listed entities (Equity Listed). None of the Whole Time Director/Managing Director serves as an Independent Director in more than three (3) listed entity. Further none of our Independent Directors serve as Non-Independent Director of any Company on the Board of which any Non-Independent Director is an Independent Director.

The Company has received necessary disclosures from all the Directors regarding Committee positions held by them in other Companies. The table below gives the details of the names of the Members of the Board, their category, their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), their Directorships, Committee Memberships and Chairmanships in Indian Companies as on March 31, 2020:

Name of the Director (DIN)	Date of original appointment	Category	Number of board meeting attended during the year	Attendance at last AGM	Directorships in Indian Public Limited Companies (including IIFL Finance Limited)	Membership of Committees (including IIFL Finance Limited)[1]	
						Member	Chairman[2]
Mr. Nirmal Jain (DIN:00010535)	18/10/1995	Executive Chairman	8	Yes	3	1	0
Mr. R. Venkataraman (DIN: 00011919)	05/07/1999	Managing Director	8	Yes	6	3	1
Mr. Kranti Sinha (DIN: 00001643)[3]	27/01/2005	Independent Director	4	NA	NA	NA	NA
Mr. Nilesh Vikamsey (DIN: 00031213)	11/02/2005	Independent Director	8	Yes	9	7	2
Mr. Arun Kumar Purwar (DIN: 00026383)	10/03/2008	Independent Director	8	Yes	6	1	2
Mr. Chandran Ratnaswami (DIN: 00109215)	15/05/2012	Non-Executive Director	3	No	7	3	0
Dr. S. Narayan (DIN: 00094081)[3]	01/08/2012	Independent Director	4	NA	NA	NA	NA
Ms. Geeta Mathur (DIN: 02139552)	18/09/2014	Independent Director	7	Yes	8	5	4
Mr. Vijay Kumar Chopra (DIN: 02103940)[4]	21/05/2019	Independent Director	4	Yes	6	1	4
Mr. Nagarajan Srinivasan (DIN: 01480303)[4 & 5]	21/05/2019	Non- Executive Director	3	No	2	1	0

1. The Committees considered for the above purpose are those prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz. Audit Committee and Stakeholders Relationship Committee.
2. This is in addition to the number of Committees in which the Director is designated as a Committee Member.
3. Mr. Kranti Sinha and Mr. S. Narayan resigned as an Independent Director w.e.f. May 21, 2019 due to re-organisation of the IIFL Group whereby India Infoline Finance Limited got merged with the Company and majority of Directors of India Infoline Finance Limited were appointed on the Board of the Company and there was no other reason of resignation.
4. Mr. Vijay Kumar Chopra and Mr. Nagarajan Srinivasan were appointed by the Board as Additional Directors of the Company w.e.f. May 21, 2019 and subsequently their appointment as Directors were approved by the shareholders at the 24th Annual General Meeting of the Company held on September 30, 2019.
5. The capacity of Mr. Nagarajan Srinivasan was changed to Non- Executive Director (Investor Director representing CDC Group Plc) on the Board of the Company w.e.f. May 05, 2020.
6. No recommendation of any Committee which is mandatorily required to have Board approval in FY 2019-20 was rejected/not accepted by the Board.

(e) Board Level Performance Evaluation:

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Executive Directors, Non-Executive Directors including Independent Directors ("IDs") and Board as a Whole.

The criteria for performance evaluation are as under:

For Chairman:

The criteria for evaluation of Chairman, inter alia, includes his ability to conduct meetings, ability to elicit inputs from all Members, ability to table and openly discuss challenging matters, attendance at meetings, assistance to board in formulating policies and setting standards, accessibility, ability to analyze strategic situations, ability to project positive image of the Company, compliance with regulatory requirements, impartial in conducting discussions, sufficiently committed to the Board, ability to keep shareholders' interest in mind during discussions and decisions.

For Executive Directors:

The criteria for evaluation of Executive Directors, inter alia, includes their ability to elicit inputs from all Members, ability to table and openly discuss challenging matters, attendance and participation at meetings, integrating quality and re-engineering, capitalise on opportunities created by economic and technological changes, assistance to board in formulating policies and setting standards and following them, accessibility, ability to analyze strategic situations, ability to project positive image of the Company, compliance with regulatory requirements, handling critical situations concerning the group.

For Non-Executive Directors (including Independent Directors):

The criteria for evaluation of Non-Executive Directors, inter alia, includes attendance at the meetings, study of agenda and active participation, contribution in discussions on strategy, participate constructively and actively in Committees of the Board, exercise of skills and diligence with due and reasonable care and to bring independent judgment to the Board, ability to bring in best practices from his / her experience and adherence to the code of conduct.

For Board as a whole:

The criteria for evaluation of the Board, inter alia, includes composition and diversity, induction programme, team work, performance culture, risk management and financial controls, integrity, credibility, trustworthiness, active and effective participation by Members, proper mix of competencies to conduct and enough experience to conduct affairs effectively.

f) Separate meetings of the Independent Directors:

In compliance with the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held on March 30, 2020, inter alia, to discuss the following:

- To review the performance of Non-Independent Directors, the various committees of the Board and the Board as a whole;
- To review the performance of the Chairperson of the Company;
- To assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Upon the conclusion of the meeting, the Independent Directors expressed their overall satisfaction over the performance of the other Directors and the Board as a whole and some suggestions were being discussed with the Promoter Director. They also expressed their satisfaction over the quality, quantity and timeliness of flow of information between the Company management and the Board / Committees of the Board from time to time and performance of Chairman of the Company.

g) Familiarisation programme for Independent Directors:

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings on business, operations and performance updates of the Company as well as the Group. Quarterly updates on relevant statutory and regulatory changes applicable to the Company and the Group and important legal matters pertaining to the Company are discussed at the Board meetings. The details of such familiarisation programmes of the Company may be accessed on the website of the Company i.e. https://www.iifl.com/investor-relations/corporate-governance.

h) Meetings of the Board:

➢ Frequency: The Board meets at least once a quarter to review the quarterly results and other items of the Agenda. There are minimum four meetings of Board in a calendar year with a maximum gap of 120 days between two consecutive meetings. Whenever necessary additional meetings are held. In case of business exigencies or matter of urgency, resolutions are passed by circulations, as permitted by law, which are noted in the subsequent Board Meeting.

- Board Meeting Location: The location of the Board/ Committee Meetings is informed well in advance to all the Directors. Each Director is expected to attend the Board / Committee Meetings. Video conference facility is made available to facilitate Directors traveling/ residing abroad or at other locations to participate in the Board / Committee Meetings.
- Notice and Agenda distributed in advance: The Company's Board/ Committee Members are presented with detailed notes along with the agenda papers which are circulated well in advance of the Meeting. The Company has implemented App based e-meeting system accessible through secured iPads provided to the Directors and key officials. The agenda, presentation, notes and minutes are made available to the Board and Committee Members. The Company Secretary in consultation with the Chairperson of the Board/ Committees sets the Agenda for the Board/ Committee Meetings. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the Meeting. Where it is not practical to attach any document to the Agenda, the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.
- Other Matters: The senior management team of the Company is advised to schedule its work plans in advance, particularly with regard to matters requiring discussions/ decision with the Board/ Committee Members.
- Presentations by Management: The Board/ Committee is given presentations, wherever practicable covering finance, sales, marketing, major business segments and operations of the Company, global business environment including business opportunities, business strategy, risk management practices and operating performance of the Company before taking on record the financial results of the Company.
- Access to employees: The Directors are provided free access to officers and employees of the Company. Whenever any need arises, the Board/ Committee Members are at liberty to summon the personnel whose presence and expertise would help the Board to have a full understanding of the issues being considered.

i) Information Supplied to the Board / Committees:

Among others, information supplied to the Board / Committees includes:

- Annual Budget and updates thereof. Quarterly, half yearly and annual results of the Company as per the format prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Minutes of the Meetings of the Board and all other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- Status of important/material litigations etc.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- Any significant development in human resources/ industrial relations front, as and when it occurs.
- Sale of material nature of investments, assets which are not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

- Non-Compliance of any regulatory, statutory nature or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, and others steps taken by the Company to rectify instances of non-compliances, if any.

j) **Minutes of the Meetings:**

The draft Minutes of the proceedings of the Meetings are circulated amongst the Members of the Board/ Committees. Comments and suggestions, if any, received from the Directors are incorporated in the Minutes, in consultation with the Chairman. The Minutes are confirmed by the Members and signed by the Chairman of such meeting at any time before the next meeting is held or by the Chairman of the next Board / Committee Meetings. All Minutes of the Committee Meetings are placed before the Board Meeting for perusal and noting.

k) **Post meeting follow-up mechanism:**

The Company has an effective post meeting follow-up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board / Committee(s) Meetings which calls for actions to be taken are promptly initiated and wherever required, communicated to the concerned departments / divisions. The action taken report is placed at the immediately succeeding Meeting of the Board / Committee(s) for information and review by the Board/ Committee(s).

l) **Confirmation of Independence:**

The Board is of the opinion that the Independent Directors fulfill the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the Management.

3. BOARD COMMITTEES:

In terms of the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and RBI Master Directions, the Board of Directors has constituted various Committees. The composition of the various Committees along with their terms of reference is as under-

a) AUDIT COMMITTEE

The Audit Committee comprises three (3) Independent Directors (Mr. Nilesh Vikamsey, Mr. Vijay Kumar Chopra and Ms. Geeta Mathur) and one (1) Non-Executive Director (Mr. Nagarajan Srinivasan). Mr. Vijay Kumar Chopra, an Independent Director, is the Chairman of the Committee. All the Members of the Audit Committee are financially literate and possess thorough knowledge of the financial services industry. Majority of the Committee Members have accounting/ financial management expertise.

The scope of the Audit Committee includes the references made under Regulation 18 read with part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 177 and other applicable provisions of the Companies Act, 2013 besides the other terms that may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditor;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
   b) Changes, if any, in accounting policies and practices and reasons for the same;
   c) Major accounting entries involving estimates based on the exercise of judgment by management;
   d) Significant adjustments made in the financial statements arising out of audit findings;
   e) Compliance with listing and other legal requirements relating to financial statements;
   f) Disclosure of any Related Party Transactions;
   g) Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or internal control systems or a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower Mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
21. Reviewing the utilisation of loans and/ or advances from/investment by the Company in its subsidiaries exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments existing;
22. Reviewing the following information:

    I. Management discussion and analysis of financial condition and results of operations;

    II. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by management;

    III. Management letters/ letters of internal control weaknesses issued by the statutory auditors;

    IV. Internal audit reports relating to internal control weaknesses; and

    V. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

    VI. Statement of deviations:

    a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1).

    b) Annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).

During the year under review, the Audit Committee of the Company met Six (6) times on May 13, 2019, May 14, 2019, August 14, 2019, October 23, 2019, January 27, 2020 and March 12, 2020. The necessary quorum was present at the meetings. The gap between two Audit Committee Meetings was not more than 120 days.

The Audit Committee was last reconstituted by the Board on March 12, 2020 effective date being March 30, 2020. The constitution of the Audit Committee and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of Committee as on March 31, 2020 is given below:

Name of the members	Designation	Category	No. of committee meetings held	Committee meeting attended
Mr. Kranti Sinha[1]	Chairman	Independent Director	06	02
Mr. Vijay Kumar Chopra[2]	Chairman	Independent Director	06	04
Mr. Nilesh Vikamsey	Member	Independent Director	06	06
Mr. R Venkataraman[3]	Member	Executive Director	06	06
Ms. Geeta Mathur	Member	Independent Director	06	06
Mr. Nagarajan Srinivasan[4]	Member	Non-Executive Director	NA	NA

[1] Ceased to be a Member and Chairman w.e.f. May 21, 2019.

[2] Appointed as Member and Chairman w.e.f. May 21, 2019.

[3] Ceased to be a Member w.e.f. March 30, 2020.

[4] Appointed as Member w.e.f. March 30, 2020.

Audit Committee meetings are attended by the Chief Financial Officer of the Company and representatives of Statutory Auditors and Internal Auditors, if required. The Company Secretary acts as the Secretary of the Audit Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 30, 2019.

b) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises three (3) Independent Directors (Mr. Vijay Kumar Chopra, Mr. Nilesh Vikamsey and Mr. Arun Kumar Purwar) and one (1) Non-Executive Director Mr. Nagarajan Srinivasan. Mr. Vijay Kumar Chopra is the Chairman of the Committee.

The scope of activities of the Nomination and Remuneration Committee is as set out in Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are broadly as follows:

1. Succession planning of the Board of Directors and Senior Management Employees;
2. Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
3. Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
4. Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
5. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, it also ensures that the relationship of remuneration to performance is clear, that the performance meets the appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay, reflecting the short- term and long- term objectives of the Company;
6. Devising a policy on diversity of Board of Directors;
7. Administer, monitor and formulate detailed terms and conditions of the employees' stock option scheme;
8. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
9. Ensure 'fit and proper' status of proposed/ existing directors as per RBI guidelines.

During the year under review, the Nomination and Remuneration Committee of the Company met Three (3) times on May 14, 2019, August 14, 2019 and March 12, 2020. The necessary quorum was present at the meetings.

The Nomination and Remuneration Committee was last reconstituted by the Board on March 12, 2020 effective date being March 30, 2020. The constitution of the Nomination and Remuneration Committee and details of attendance of each member of the Committee at the aforesaid Meeting(s) of Committee as on March 31, 2020 is given below:

Name of the members	Designation	Category	No. of committee meetings held	Committee meeting attended
Mr. Kranti Sinha[1]	Chairman	Independent Director	3	1
Mr. Vijay Kumar Chopra[2]	Chairman	Independent Director	3	2
Mr. Nilesh Vikamsey	Member	Independent Director	3	3
Mr. Arun Kumar Purwar	Member	Independent Director	3	3
Mr. Nagarajan Srinivasan[3]	Member	Non-Executive Director	NA	NA

[1]Ceased to be Member and Chairman w.e.f. May 21, 2019.

[2]Appointed as Member and Chairman w.e.f. May 21, 2019.

[3]Appointed as Member w.e.f. March 30, 2020.

During the Financial Year 2019-20, the Committee also approved matters relating to allotment of stock option(s), through circular resolutions.

The Company Secretary of the Company acts as the Secretary of the Committee.

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on September 30, 2019.

The Board of Directors of the Company has approved Nomination & Remuneration Policy of the Company, which sets out the guiding principles for appointment & remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The detail of Nomination & Remuneration policy and remuneration paid to Directors is as follows:

(a) Nomination and Remuneration Policy:

I. Appointment and removal of Directors, Key Managerial Personnel and Senior Management:

1. Appointment Criteria and Qualifications:

a) A person being appointed as Director, KMP or in senior management should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment.

b) Independent Director:

(i) Qualifications of Independent Director:

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

(ii) Positive attributes of Independent Directors:

An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

2. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, Rules and Regulations.

3. Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

II. Remuneration:

1. Directors:

a. Executive Directors (Managing Director, Manager or Whole Time Director):

(i) At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.

(ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of the Companies Act, 2013.

(iii) The remuneration of the Manager/ CEO/ Managing Director/ Whole Time Director is broadly divided into fixed and incentive pay reflecting short-term and long- term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:

- the relationship of remuneration and performance benchmark;
- balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- responsibility required to be shouldered , the industry benchmarks and the current trends;
- The Company's performance vis-à-vis the annual budget achievement and individual performance.

b. Non-Executive Director:

(i) The Non-Executive Independent Director may receive fees for attending meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

(ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.

(iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.

(iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.

(v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.

(vi) The commission shall be payable on prorate basis to those Directors who occupy office for part of the year.

2. KMP & Senior Managerial Personnel:

The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:

a. Maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;

b. Compensation should be reasonable and sufficient to attract, retain and motivate KMP and Senior Management;

c. Remuneration payable should comprise a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-a-vis overall performance of the Company;

d. Remuneration shall be also considered in the form of long -term incentive plans for key employees, based on their contribution, position, and length of service, in the nature of ESOPS/ESPS.

III. Evaluation:

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly). The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole, if applicable.

(b) Details of Remuneration paid to Directors during FY 2019-20 and details of number of shares and convertible instruments held by Directors as on March 31, 2020 is as under:

Name of the Director	Designation	Salary and perquisite	Commission	Sitting Fees[5]	Contribution to PF and other funds, Gratuity , Leave	Stock options	No. of equity shares held
Mr. Nirmal Jain[1]	Chairman	8,48,92,000	-	-	20,81,032	-	4,72,65,154
Mr. R. Venkataraman[2]	Managing Director	54,62,517	-	-	38,903	-	1,09,84,432
Mr. Kranti Sinha[3]	Independent Director	-	-	1,95,000	-	-	NA
Mr. Nilesh Vikamsey	Independent Director	-	10,00,000	12,00,000	-	-	1,65,000
Mr. Arun Kumar Purwar	Independent Director	-	10,00,000	3,90,000	-	-	95, 000
Dr. S. Narayan[3]	Independent Director	-	-	1,20,000	-	-	NA
Ms. Geeta Mathur	Independent Director	-	10,00,000	10,05,000	-	-	-
Mr. Chandran Ratnaswami	Non-Executive Director	-	-	-	-	-	-
Mr. Vijay Kumar Chopra[4]	Independent Director	-	10,00,000	12,30,000	-	-	-
Mr. Nagarajan Srinivasan[4]	Non-Executive Director	-	-	-	-	-	-

[1]Entire Remuneration paid to Mr. Nirmal Jain is by the subsidiary of the Company i.e. India Infoline Finance Limited which got merged with the Company w.e.f. March 30, 2020.

[2]Remuneration of Mr. R Venkataraman up to May 14, 2019 was paid by India Infoline Finance Limited, Subsidiary Company and w.e.f. May 15, 2019 the same was paid by IIFL Securities Limited, a group Company.

[3]Mr. Kranti Sinha and Mr. S Narayan resigned as Independent Director of the Company w.e.f. May 21, 2019.

[4]Mr. Vijay Kumar Chopra and Mr. Nagarajan Srinivasan were appointed by the Board as Additional Directors of the Company w.e.f. May 21, 2019 and subsequently their appointment as Directors were approved by the shareholders at the 24th AGM of the Company held on September 30, 2019 and later on the capacity of Mr. Nagarajan Srinivasan was changed to Non-Executive Director (Investor Director representing CDC Group Plc) w.e.f. May 05, 2020.

[5]The sitting fees include the fees paid as independent director of India Infoline Finance Limited for its Committees and Board Meetings attended.

The term of office of the Managing Director and Chairman is for five years from the date of their respective appointments. This employment shall be deemed to be terminated on the occurrence of death, on expiration of tenure, permanent disability or on resignation, the notice period is as per the Company's policy.

In the event of termination for any of the reasons specified above, they or their Nominee shall be entitled to receive a lump sum severance payment, a sum equal to 5 times of the annual salary. The Company has not issued any convertible instruments.

(c) Remuneration to Non-Executive/ Independent Directors:

During the year under review, the Independent Directors were paid ₹ 30,000/- (Rupees Thirty Thousand only) towards sitting fees for attending each Board Meeting and Audit Committee Meeting and ₹ 15,000/- (Rupees Fifteen Thousand only) towards attending each of the other committee meetings plus reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them.

Apart from above, the Non-Executive Directors and Independent Directors are eligible for commission as approved by the shareholders of the Company at the Annual General Meeting held on July 29, 2016. The amount of commission is based on the overall financial performance of the Company and Board of Directors. The Independent Directors were granted with ESOPs under the Company's ESOPs Schemes prior to the notification of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 which are being exercised after due vesting as per the terms of grants. No ESOP grants were made to the Independent Directors after the aforesaid notifications in compliance with the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014. Apart from the above, no other remuneration is paid to the Non-Executive/ Independent Directors. There are no pecuniary relationships or transaction of the Non-Executive Directors with the Company.

The Company has obtained a Directors and Officers Liabilities Insurance policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

c) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises one (1) Independent Director (Mr. Arun Kumar Purwar) and two (2) Executive Director (Mr. Nirmal Jain and Mr. R. Venkataraman). Mr. Arun Kumar Purwar is the Chairman of the Committee. The broad terms of reference of committee are as under:

1. Approval of transfer/ transmission of shares/ debentures and such other securities as may be issued by the Company from time to time;
2. Approval to issue of duplicate share certificates for shares/ debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
3. Approval to issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates/ certificates relating to other securities;
4. Approval to issue and allot right shares/ bonus shares pursuant to a Rights Issue/ Bonus Issue made by the Company, subject to such approvals as may be required;
5. To approve and monitor dematerialisation of shares/ debentures/ other securities and all matters incidental or related thereto;
6. Monitoring expeditious redressal of investors/ stakeholders grievances;
7. Review of measures taken for effective exercise of voting rights by shareholders;
8. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
9. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company;
10. All other matters incidental or related to shares, debentures and other securities of the Company.

During the year 2019-20, the Company received Twenty Three (23) complaints from investors including complaints received through SEBI's SCORES portal. Complaints were redressed to the satisfaction of the investors.

The details of the Complaints are given below:

Sr. No.	Particulars	No. of Complaints	
		Equity	Non-Convertible Debentures (NCDs)*
1	Investor complaints pending at the beginning of the year	0	1
2	Investor complaints received during the year	1	22
3	Investor complaints disposed of during the year	1	21
4	Investor complaints remaining unresolved at the end of the year	0	2**

*These complaints were made by the investors of India Infoline Finance Limited during the year 2019-20, which got merged with the Company w.e.f. March 30, 2020.

**Closed on May 12, 2020 and May 13, 2020 respectively.

No pledge has been created over the Equity Shares held by the promoters as on March 31, 2020 and a declaration under Regulation 31(4) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 was provided by the Promoter & Promoter Group to the Audit Committee and Stock Exchanges.

The Chairman of the Stakeholders Relationship Committee was present at the last Annual General Meeting of the Company held on September 30, 2019.

The constitution of the Stakeholders Relationship Committee and details of attendance of each member of the committee at the meeting of Committee held on May 08, 2019 and October 22, 2019 is given below:

Name of the members	Designation	Category	No. of committee meetings held	Committee meeting attended
Mr. Arun Kumar Purwar	Chairman	Independent Director	2	2
Mr. Nirmal Jain	Member	Executive Director	2	2
Mr. R. Venkataraman	Member	Executive Director	2	2

The name, designation and address of Compliance Officer of the Company are as under:

Name and designation: Mr. Gajendra Thakur, Company Secretary & Compliance Officer
Corporate Office Address: 802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400069.
Contacts: Tel No. +91 22 6788 1000
Fax No. +91 22 6788 1010
E-mail: shareholders@iifl.com

The Company Secretary of the Company acts as Secretary of the Committee.

d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee comprises one (1) Independent Director (Mr. Nilesh Vikamsey) and two (2) Executive Director (Mr. Nirmal Jain and Mr. R Venkataraman). Mr. Nirmal Jain is the Chairman of the Committee.

The constitution of the Corporate Social Responsibility Committee and details of attendance of each Member of the Committee at the Meeting of Committee held on March 24, 2020 is given below:

Name of the members	Designation	Category	No. of committee meetings held	Committee meeting attended
Mr. Nirmal Jain	Chairman	Executive Director	1	1
Mr. Nilesh Vikamsey	Member	Independent Director	1	1
Mr. R. Venkataraman	Member	Executive Director	1	1

The terms of reference of Corporate Social Responsibility Committee (CSR) is mentioned below:

1. To review the existing CSR Policy indicating activities to be undertaken as specified in Schedule VII of the Companies Act, 2013. The CSR policy of the Company may be accessed on the website of the Company i.e. www.iifl.com.
2. To provide guidance on various CSR activities and to monitor the same.

e) RISK MANAGEMENT COMMITTEE

In compliance with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI Master Directions, the Company has constituted a Risk Management Committee on October 21, 2014 to oversee the risk management performed by the management, reviewing the risk framework of the Company, defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

The Risk Management Committee was last reconstituted by the Board on May 28, 2020.

The constitution of the Risk Management Committee and details of attendance of each Member of the Committee at the Meeting of Committee held on April 30, 2019, January 27, 2020 and March 12, 2020 is given below:

Name of the members	Designation	Category	No. of committee meetings held	Committee meeting attended
Mr. Nirmal Jain[1]	Chairman	Executive Director	3	3
Mr. Arun Kumar Purwar[2]	Chairman	Independent Director	3	3
Mr. Nilesh Vikamsey	Member	Independent Director	3	3
Ms. Geeta Mathur[3]	Member	Independent Director	NA	NA
Mr. Nagarajan Srinivasan[3]	Member	Non- Executive Director	NA	NA
Mr. Sumit Bali[3]	Member	Chief Executive Officer	NA	NA
Mr. Anujeet Kudva[3]	Member	Chief Risk Officer	NA	NA

[1]Ceased to be Member and Chairman w.e.f. May 28, 2020.
[2]Appointed as Chairman w.e.f. May 28, 2020.
[3]Appointed as Member w.e.f. May 28, 2020.

The broad terms of reference of the Committee are as under:

1. Reviewing risks including cyber security and evaluating the treatment including initiating mitigation actions;
2. To monitor and review the overall risk management plan of the Company including liquidity risk;
3. To ensure there is an embedded, robust process in place throughout the Company to identify, assess, mitigate and report business risks with clear lines of ownership;
4. To drive and co-ordinate risk management process covering all areas of risk (including operational, strategic, financial, commercial, regulatory, reputational etc.);
5. To ensure that the business risk strategy and management processes comply with applicable regulatory requirements and corporate governance principles;
6. To ensure that the business risk management principles and processes are widely understood across the Company through adequate induction, training and awareness programmes;
7. To periodically monitor and review Company's key business risks and risk mitigation plans, and advise the Board of business risks which could materially impact Company's delivery of its business plans, strategy, and reputation, if left untreated;
8. To monitor external developments in the business environment which may have an adverse impact on Company's risk profile, and make recommendations, as appropriate;
9. To sponsor specialist reviews of key risk areas as appropriate;
10. To report to the Board on key risks, risk management performance and the effectiveness of internal controls;
11. To constitute operating risk management committee and delegate such powers to it as may be deemed necessary;
12. Any other matter as may be mandated/referred by the Authority/Board.

f) ASSET LIABILITY AND MANAGEMENT COMMITTEE (ALCO)

The Company constituted Asset- Liability Management Committee (ALCO) on March 12, 2020 effective date being March 30, 2020 in line with provisions of RBI Master Direction and Asset Liability Management (ALM) System for NBFCs – Guidelines. Reserve Bank of India has stipulated templates for reporting Structural liquidity (ALM-1), Dynamic Liquidity (ALM-2) and Interest Rate Sensitivity (ALM-3) and provided indicative formats for compiling the figures. ALCO will use the indicative formats for compiling the figures and the Reports on ALM 1, ALM 2 and ALM 3 for reviewing the liquidity and interest rate risk. The Member-Secretary will arrange for convening the meetings of ALCO as and when needed depending upon the necessity.

The ALCO comprises Mr. Sumit Bali - Chief Executive Officer, Chairman, Mr. Vijay Kumar Chopra - Independent Director, Mr. R Venkataraman- Managing Director, Mr. Rajesh Rajak - Chief Financial Officer, Mr. Bhawani Jhanwar, Financial Controller, Mr. Amarnath BS, Treasurer and Mr. Anujeet Kudva- Chief Risk Officer. The broad terms of reference of committee are as under:

1. Ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;
2. Prepare forecasts (simulations) showing the effects of various possible changes in market conditions related to the balance sheet and recommend the action needed to adhere to Company's internal limits;
3. Ensure that the Company operates within the limits / parameters set by the Board;
4. ALCO would also articulate the current interest rate view of the Company and base its decisions for future business strategy on this view;
5. Measuring and managing liquidity needs and ensure Company's ability to meet its liabilities as they become due, liquidity management can reduce probability of an adverse situation developing;
6. Present to the Board statement of assets and liabilities;
7. Update Board on various assets and securitisation of mortgage loans & gold loans;
8. Recommending Board about the viable source of finance to cater fund requirements of the Company.
9. Any other matter as may be mandated/referred by the Authority/Board.

g) IT STRATEGY COMMITTEE

The Company constituted IT Strategy Committee on March 12, 2020 effective date being March 30, 2020 in line with RBI Mater Direction. The IT Strategy Committee comprises Mr. Nilesh Vikamsey, Chairman, Mr. Shiju Rawther, Member, Mr. Aditya Sisodia, Member, Mr. Anujeet Kudva, Member, Mr. Sumit Bali, Member, Mr. Raghunathan Balaji, Member and Mr. Sanjay Tiwari, Member. The broad terms of reference of committee are as under:

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 management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls;
6. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
7. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
8. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
9. Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
10. Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;
11. Periodically reviewing the effectiveness of policies and procedures;
12. Communicating significant risks in outsourcing to the NBFC's Board on a periodic basis;
13. Ensuring an independent review and audit in accordance with approved policies and procedures;
14. Ensuring that contingency plans have been developed and tested adequately;
15. Ensuring that the business continuity preparedness is not adversely compromised on account of outsourcing;
16. To work in partnership with other Board committees and Senior Management to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.
17. Any other matter as may be mandated/referred by the Authority/Board.

4. PERIODIC REVIEW OF COMPLIANCES OF ALL APPLICABLE LAWS

Your Company follows a system whereby all the Acts, Rules and Regulations applicable to the Company are identified and compliance with such Acts, Rules and Regulations is monitored by dedicated teams on a regular basis. Verification of the compliances with the major Acts/Regulations is carried out by suitable external auditors/ lawyers/ consultants and their reports and implementation of their observations are reported to the Board/ Audit Committee. In addition, the audit and verification plan and actual status thereof are reviewed by the Board/ Audit Committee periodically. A consolidated compliance certificate based on the compliance status received from the Company and respective subsidiaries/ associates in respect of various laws, Rules and Regulations applicable to the Company is placed before the Board on regular basis and reviewed by the Board. Necessary reports are also submitted to the various regulatory authorities as per the requirements from time to time.

5. GENERAL BODY MEETINGS

The following table gives the details of the last three Annual General Meetings of the Company:

Date of AGM	Location	Time	Whether any special resolutions passed
September 30, 2019	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	10:00 am	Yes. Seven (7) Special Resolutions were passed
July 31, 2018	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	4:30 pm	Yes. One (1) Special Resolution was passed.
July 22, 2017	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	4:30 pm	Yes. One (1) Special Resolution was passed.

Postal Ballot:

During the year under review, no resolution was passed through Postal Ballot. None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing a resolution through Postal Ballot.

6. DISCLOSURES

(i) Disclosure on materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large:

The Company has put in place a policy for Related Party Transactions (RPT) which has been approved by the Board of Directors. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/ Board/ Shareholders, reporting and disclosure requirements in compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All transactions executed by the Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. All such RPT were placed before the Audit Committee for approval, wherever applicable.

During the year, the Company had not entered into any material contract/ arrangement/ transaction with related parties, which could be considered material in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, sub-section (1) of Section 188 of the Companies Act, 2013 and the policy of the Company on materiality of RPTs. The policy on materiality of RPTs and dealing with RPTs as approved by the Board may be accessed on the website of the Company i.e. https://www.iifl.com/investor-relations/corporate-governance. You may refer Note no. 40 of the Standalone Financial Statement which contains related party disclosures.

(ii) Details of non-compliance

No strictures/ penalties were imposed on your Company by the Reserve Bank of India, Stock Exchanges or by the Securities and Exchange Board of India or by any statutory authority on any matter related to the Securities markets during the last three financial years.

(iii) Whistle Blower Policy/ Vigil Mechanism

In Compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 provides adequate safeguard against victimisation of Whistle Blower who avails such mechanism and also provides access to the Chairman of Audit Committee. None of the Whistle Blowers have been denied access to the Audit Committee. The said policy has been as approved by the Board may be accessed on the website of the Company i.e. https://www.iifl.com/investor-relations/corporate-governance.

(iv) Prevention of Insider Trading

In January 2015, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 that came into effect from May 15, 2015. Pursuant thereof, the Company as a listed Company has formulated and adopted a new code for prevention of Insider Trading including Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, incorporating the requirements in accordance with the regulations, clarifications and circulars and the same are updated as and when required.

In line with the recent amendments in SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has revised its code for prevention of Insider Trading including Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information.

(v) Compliance with Mandatory and Non-Mandatory Provisions

Your Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to the Company.

The status on the Compliance with the Non- mandatory recommendation in the SEBI Regulations is as under:

- The position of the Chairman of the Board of Directors and Managing Director are separate.
- The Internal Auditor has direct access to the Audit Committee.
- The Company follows a robust process of communicating with the shareholders which has been explained earlier in the report under "Means of Communication".

(vi) Disclosure of accounting treatment

There was no deviation in following the treatments prescribed in any of the Accounting Standards (AS) in the preparation of the financial statements of the Company.

(vii) Details of Unclaimed Dividend/Shares of the Company

Pursuant to Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority.

Accordingly, the Company has transferred ₹ 9,51,492/- on April 03, 2020 being the unpaid and unclaimed dividend amount, pertaining to interim dividend declared in Financial Year 2012-13 to the IEPF. The Company has also transferred 15,635 shares on April 07, 2020 to IEPF in accordance with the above provisions.

In accordance with the IEPF Rules, the Company had sent notices to the Members whose shares were due for transfer to IEPF Authority and simultaneously published an advertisement in the newspaper. The details of such Members may be accessed on the website of the Company i.e. www.iifl.com.

Details of date of declaration of dividend & due date of transfer to IEPF are available on the website of the Company i.e. www.iifl.com.

7. MEANS OF COMMUNICATION TO THE STAKEHOLDERS

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company www.iifl.com. The Annual Report, quarterly results, shareholding pattern, material events, corporate actions, copies of press releases, schedule of analysts/ investor meets, among others, are regularly sent to the Stock Exchanges and uploaded on the website of the Company. Quarterly/ Annual Financial Results are regularly submitted to the Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the Stock Exchanges. The Chairman, Managing Director, Chief Executive Officer, Chief Financial Officer and the Company Secretary of the Company are empowered to decide on the materiality of the information for the purpose of making disclosure to the Stock Exchanges.

All the disclosures made to the Stock Exchanges are also available on the website of the Company i.e. https://www.iifl.com/investor-relations.

The quarterly and annual results of your Company are published in widely circulated English newspaper like "Free Press Journal" and Marathi newspaper "Navshakti". Your Company also regularly makes presentations to investment analysts in their meetings held from time to time, transcripts of which are uploaded on the website of the Company i.e. https://www.iifl.com. The schedule of Analyst meets/ Institutional Investors meets are also informed to the public through the Stock Exchanges.

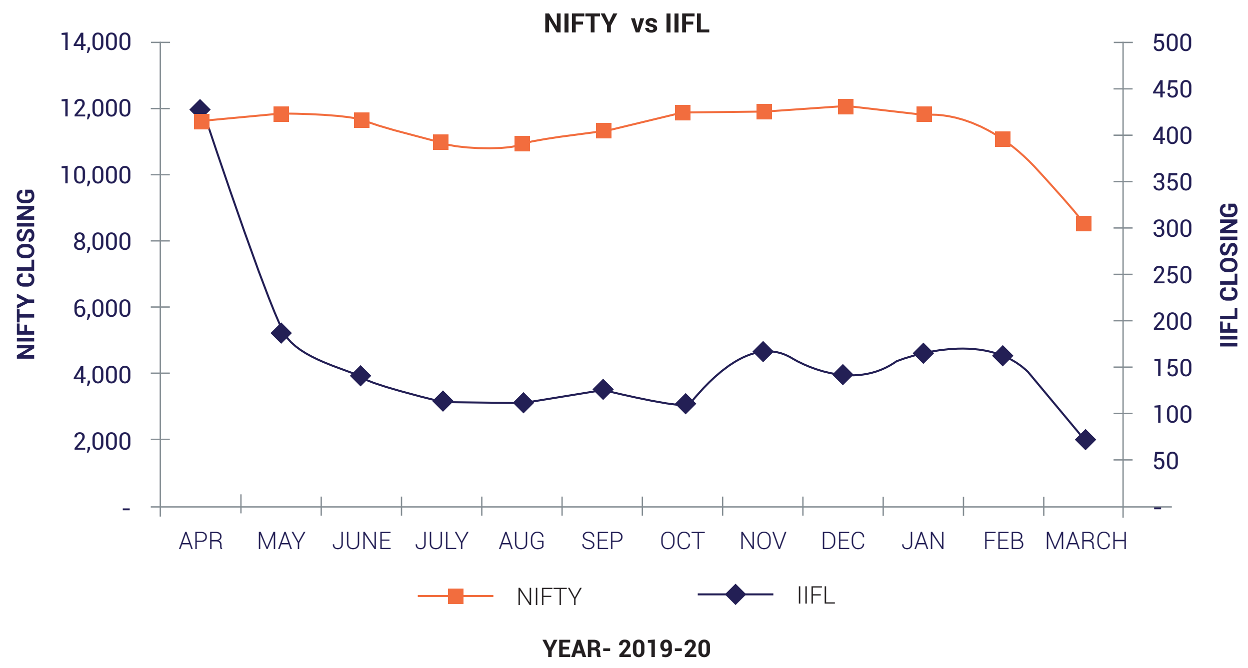
8. GENERAL SHAREHOLDERS' INFORMATION

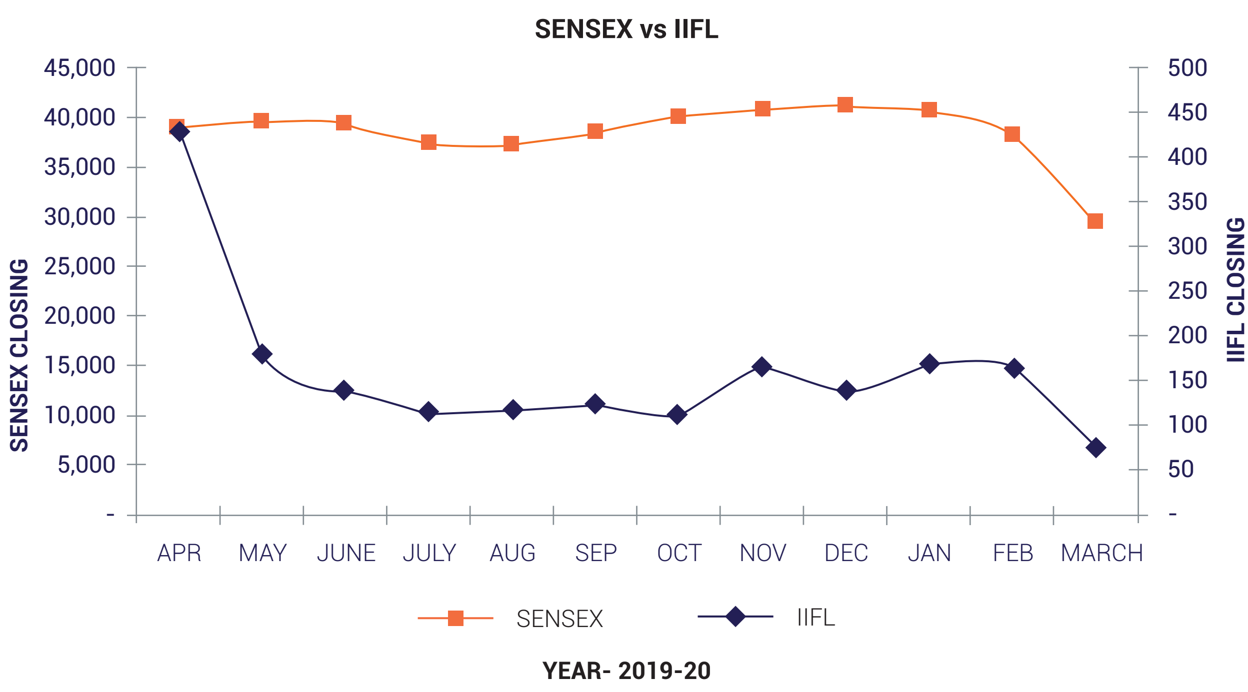
1.	**Annual General Meeting**	Tuesday, June 30, 2020, 11.00 a.m. The Company is conducting meeting through Video Conferencing / Other Audio Visual Mode pursuant to the Ministry of Corporate Affairs ("MCA") Circular dated May 05, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of the ensuing AGM.
2.	**Financial calendar (2020-21)**	April 01, 2020 to March 31, 2021
		Results for the quarter ended June 30, 2020 – within 45 days from the end of the quarter
		Results for the quarter ended September 30, 2020 – within 45 days from the end of the quarter
		Results for the quarter ended December 31, 2020 – within 45 days from the end of the quarter
		Results for the quarter and year ended March 31, 2021 – within 60 days from the end of the quarter
3.	**Book closure date**	Wednesday, June 24, 2020 to Tuesday, June 30, 2020
4.	**Interim dividend**	During FY 2019-20, your Company had declared an interim dividend of ₹ 2.25/- per Equity Shares on March 12, 2020 and the payment was made on March 24, 2020.
5.	**Listing of equity shares on Stock Exchanges at**	1. **National Stock Exchange of India Limited** Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai-400 051 2. **BSE Limited** Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400001 The Listing Fees as applicable have been duly paid to the aforesaid Stock Exchanges.
6.	**Stock code**	National Stock Exchange of India Limited – IIFL BSE Limited – 532636 Singapore Exchange Securities Trading Limited (SGX-ST) – Y5BB *The Publicly Issued Non- Convertible Debentures ("NCDs") are listed on BSE and NSE and the privately placed NCDs are listed on NSE. Senior Secured Notes issued under Medium Term Note Programme are listed on SGX-ST.

7. **Stock market data**

Table below gives the monthly high and low quotations of shares traded at BSE Limited and the National Stock Exchange of India Limited for the current year. The chart below plots the monthly closing price of the Company versus the BSE - Sensex and NSE - S&P CNX Nifty for the year ended March 31, 2020.

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April, 2019	480.00	411.60	98,470	475.00	412.15	22,77,104
May, 2019	453.95	178.70	1,74,088	452.00	189.55	30,82,770
June, 2019	177.95	136.00	4,66,048	180.10	139.80	20,68,243
July, 2019	168.85	115.80	1,27,295	168.75	115.50	22,98,250
August, 2019	128.15	98.85	2,75,034	129.00	98.80	15,03,365
September, 2019	130.80	102.00	4,05,569	128.00	101.20	35,84,527
October, 2019	135.30	102.00	74,416	134.80	101.90	33,36,753
November, 2019	179.10	115.10	39,32,917	178.90	114.05	1,15,77,356
December, 2019	174.80	135.20	5,08,069	174.70	135.15	65,63,699
January, 2020	178.65	138.80	9,40,071	178.80	139.00	1,27,12,949
February, 2020	212.80	149.00	5,57,554	212.90	148.80	93,80,029
March, 2020	174.75	69.65	8,64,875	174.65	67.05	84,19,563


NIFTY vs IIFL
NIFTY CLOSING
IIFL CLOSING
14,000
12,000
10,000
8,000
6,000
4,000
2,000
-
500
450
400
350
300
250
200
150
100
50
APR
MAY
JUNE
JULY
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MARCH
NIFTY
IIFL
YEAR- 2019-20


SENSEX vs IIFL
SENSEX CLOSING
IIFL CLOSING
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
500
450
400
350
300
250
200
150
100
50
APR
MAY
JUNE
JULY
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MARCH
SENSEX
IIFL
YEAR- 2019-20

8.	**Demat ISIN numbers in NSDL and CDSL for equity shares**	ISIN - INE530B01024 *ISIN of equity shares
9.	**Registrar & Transfer Agent**	Link Intime India Private Limited C-101, 1st Floor, 247 Park , Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083. Tel: 022-49186000 Email id: rnt.helpdesk@linkintime.co.in bonds.helpdesk@linkintime.co.in
10.	**Share transfer system**	Your Company's shares are compulsorily traded in dematerialised form. The transfer, if any, of physical shares are processed and returned to the Shareholders within the prescribed statutory period. All share transfers and other share related issues are approved in the Stakeholders Relationship Committee Meeting, which is normally convened as and when required.
11.	**Dematerialisation of shares**	As on March 31, 2020, 99.93% of the paid-up share capital of the Company was in dematerialised form. Trading in equity shares of the Company is permitted only in dematerialised form through CDSL and NSDL as per notifications issued by the Securities and Exchange Board of India.
12.	**Correspondence for dematerialisation, transfer of shares, non–receipt of dividend on shares and any other query relating to the shares of the Company**	Link Intime India Private Limited C-101, 1st Floor, 247 Park , Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083. Contact Person: Mr. Jai Prakash VP, Tel: 022-49186270
13.	**Address for correspondence**	Mr. Gajendra Thakur, Company Secretary and Compliance Officer 802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400069. Email: shareholders@iifl.com
14.	**Outstanding GDRs/ ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**	The Company does not have any outstanding GDRs/ ADRs/ Warrants as on date. The Company has outstanding unexercised ESOPs (vested or not vested) of 87,00,615 stock options as on March 31, 2020 under its ESOP plans which may be exercised by the grantees as per the vesting period. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.
15.	**Commodity price risk or foreign exchange risk and hedging activities**	Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. As per the Company's Risk Management Policy, your Company enters into foreign currency swap/derivative transactions to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallised at a pre-determined rate of exchange on the date of taking the swap. Your Company follows the Accounting Policy and Disclosure Norms for swap/ derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. Please refer to Note 6, 18 & 19 of the Standalone Financial Statements for details thereof.
16.	**Credit Rating**	The list and details of credit ratings for all instruments has been provided in the Directors' Report.

9. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2020:

Category	Number of equity shares held	% of holding
Clearing Members	4,95,434	0.13
Other Bodies Corporate	41,73,175	1.10
Directors	2,60,000	0.07
Foreign Company	14,31,43,032	37.83

Category	Number of equity shares held	% of holding
Financial Institutions	89,074	0.02
Foreign Inst. Investor	-	-
Government Companies	-	-
Hindu Undivided Family	4,28,186	0.11
Mutual Funds	11,839	0.00
Nationalised Banks	-	-
Non Nationalised Banks	207	0.00
Foreign Nationals	2,42,557	0.06
Non Resident Indians	1,58,95,664	4.20
Non Resident (Non Repatriable)	1,06,48,898	2.81
Office Bearers	-	-
Persons Acting In Concert	48,18,904	1.27
Public	3,11,27,662	8.27
Promoters	8,95,24,586	23.66
Trusts	81,073	0.02
Employee Welfare Trust / ESOPs	-	-
Foreign Portfolio Investors (Individual)	55,000	0.01
Foreign Portfolio Investors (Corporate)	7,60,94,737	20.11
Alternate Investment Funds	12,23,449	0.32
NBFCs registered with RBI	1,201	0.00
Investor Education And Protection Fund	26,244	0.01
Grand Total	**37,83,40,922**	**100**

10. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2020

The distribution of shareholders as on March 31, 2020 is as follows:

No. of equity shares held (range)	No. of shareholders	% of shareholders	No. of shares	% of share holdings
1 to 500	34,840	88.85	36,12,697	0.9549
501 to 1000	2,072	5.28	15,55,625	0.4112
1001 to 2000	997	2.54	14,75,565	0.3900
2001 to 3000	337	0.86	8,56,270	0.2263
3001 to 4000	191	0.49	6,77,156	0.1790
4001 to 5000	125	0.32	5,86,914	0.1551
5001 to 10000	246	0.63	18,56,254	0.4906
10001 and more	403	1.03	36,77,20,441	97.1929
Total	**39,211**	**100**	**37,83,40,922**	**100**

11. PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES AND PREFERENTIAL ISSUE, AMONG OTHERS

During the financial year 2019-20, India Infoline Finance Limited a subsidiary of the Company got merged with the Company w.e.f. March 30, 2020. Accordingly, all the Non-Convertible Debentures (NCDs) and Senior Secured Notes (Issued under Medium Term Note Programme) issued to Public or on a Private Placement basis got transferred to the Company. Money raised through those Public Issues of Non-Convertible Debentures have been utilised for the purposes, as disclosed in the Prospectus, for which it was raised and there has been no deviation as on date in the utilisation of the moneys so raised.

Save and except above, your Company did not raise money through rights issue or preferential issue or qualified institutional placement during the FY 2019-20.

12. SUBSIDIARY COMPANIES

For the financial year 2019-20, your Company had two Material Indian Subsidiaries i.e. India Infoline Finance Limited and IIFL Home Finance Limited. Pursuant to the merger of India Infoline Finance Limited with the Company, India Infoline Finance Limited ceased to be subsidiary of the Company w.e.f. March 30, 2020. Mr. Arun Kumar Purwar, Independent Director on the Board of the Company is also an Independent Director of IIFL Home Finance Limited.

As for the financial year 2020-21, your Company has two material subsidiaries i.e. IIFL Home Finance Limited and Samasta Mircrofinance Limited.

The Audit Committee reviews the financial statements including particulars of investments made by all the unlisted subsidiary Companies.

Your Company has a system of placing the minutes of the Board/ Audit Committee and statements of all the significant transactions/ developments of all the unlisted subsidiary Companies at the Meeting of Board of Directors of the Holding Company.

The policy for determining 'material' subsidiaries as approved by the Board may be accessed on the website of the Company i.e. https://www.iifl.com/investor-relations/corporate-governance.

13. CEO/CFO CERTIFICATE

The Certificate required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly signed by the CEO and CFO was submitted to the Board and the same is annexed to this Report.

14. PREVENTION OF SEXUAL HARASSMENT

Your Company recognises its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has put in place a Policy on prevention of Sexual Harassment of Women at Workplace.

In relation to the Company and India Infoline Finance Limited, a Subsidiary merged with the Company w.e.f. March 30, 2020 the following Complaints were reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the financial year 2019-20:

a) Number of complaints received in the year : 3

b) Number of complaints disposed off during the year : 2

c) Number of cases pending as on end of the year: 1*

*The same is resolved as on date.

d) Number of workshops or awareness programme against sexual harassment carried out: The Company has conducted an online training for creating awareness against the sexual harassment against the women at work place.

e) Nature of action taken by the employer or district officer: Not applicable

15. TOTAL FEES TO STATUTORY AUDITOR

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part, are as follows:

Particulars	Amount (₹ in Million)
Audit Fees	5.43
Certification Expenses*	3.22
Out Of Pocket Expenses	1.09
Total	**9.75**

*During the year India Infoline Finance Limited (merged subsidiary of the Company) has paid ₹ 11.99 million to statutory auditor for Medium Term Notes and Public Issue of Non Convertible Debentures (Tranche II Issue) the same is been amortised over the year.

16. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Practicing Company Secretaries, required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 confirming that none of the Directors on Board of the Company as on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority and the same is annexed to this Report.

17. CERTIFICATE ON CORPORATE GOVERNANCE

The certificate received from the Secretarial Auditors of the Company, M/s. Nilesh Shah & Associates, Practicing Company Secretaries confirming the compliance of conditions of corporate governance is annexed to this Report in terms of the provisions of Part E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

18. CODE OF CONDUCT

The confirmation from the Chairman regarding compliance with the code by all the Board Members and Senior Management forms part of the Report. The Code of Conduct is displayed on the website of the Company i.e. www.iifl.com.

For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

Nirmal Jain
Chairman
(DIN: 00010535)

Date: June 07, 2020
Place: Mumbai

ANNEXURE

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members,

IIFL Finance Limited
(formerly IIFL Holdings Limited)

IIFL House, Sun Infotech Park,

Road No. 16V, Plot No. B-23,

Thane Industrial Area,

Wagle Estate, Thane – 400 604.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IIFL Finance Limited** (formerly IIFL Holdings Limited), having CIN: **L67100MH1995PLC093797** and having registered office situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane – 400 604 (hereinafter referred to as **'the Company'**), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and carried by us and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2020** have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Nirmal Jain	00010535	18/10/1995
2.	Venkataraman Rajamani	00011919	05/07/1999
3.	Arun Kumar Purwar	00026383	10/03/2008
4.	Nilesh Vikamsey	00031213	11/02/2005
5.	Chandran Ratnaswami	00109215	15/05/2012
6.	Nagarajan Srinivasan	01480303	21/05/2019
7.	Vijay Kumar Chopra	02103940	21/05/2019
8.	Geeta Mathur	02139552	18/09/2014

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Name:- Nilesh Shah
For **Nilesh Shah & Associates**

Date: June 07, 2020
Place: Mumbai
UDIN: F004554B000323917

FCS : 4554
C.P. : 2631

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Board of Directors

IIFL Finance Limited

(Formerly known as IIFL Holdings Limited)

We certify that;

(a) We have reviewed the financial statements and the cash flow statement of IIFL Finance Limited for the year ended March 31, 2020 and that to the best of our knowledge and belief:

  (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting. We have not come across any deficiencies in the design or operation of such internal controls.

(d) We have indicated to the Auditors and the Audit Committee:

  (i) Significant changes in internal control over financial reporting during the year;

  (ii) That there are no significant changes in accounting policies during the year;

  (iii) That there are no instances of significant fraud of which we have become aware.

Sumit Bali
Chief Executive Officer

Rajesh Rajak
Chief Financial Officer

Date: June 07, 2020
Place: Mumbai

Declaration on Compliance with the Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and the Senior Management Personnel and the same is available on the Company's website. I confirm that the Company has in respect of financial year ended March 31, 2020, received from the Board Members and Senior Management Personnel of the Company, declaration of compliance with the Code of Conduct as applicable to them.

For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

Sumit Bali
Chief Executive Officer

Date: June 07, 2020
Place: Mumbai

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

IIFL Finance Limited

(Formerly IIFL Holdings Limited)

Mumbai

We have examined the compliance of conditions of Corporate Governance by **IIFL Finance Limited** (Formerly IIFL Holdings Limited) ('the Company'), for the financial year ended on 31st March, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 to the extent applicable.

The compliance with conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Nilesh Shah & Associates
Company Secretaries

Nilesh Shah
Partner
FCS - 4554
C.P.No: 2631

Place: Mumbai
Date: June 07, 2020
UDIN: F004554B000323928

Note: In view of the restrictions imposed by the Government of India on the movement of people across India to contain the spread of Covid-19 pandemic, which led to the complete lockdown across the nation, we have relied on electronic data for verification of certain records as the physical verification was not possible.

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Reply
1.	**Corporate Identity Number (CIN) of the Company**	L67100MH1995PLC093797
2.	**Name of the Company**	IIFL Finance Limited (Formerly known as IIFL Holdings Limited) ("IIFL")
3.	**Registered Address**	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra - 400604
4.	**Website**	www.iifl.com
5.	**E-mail id**	shareholders@iifl.com
6.	**Financial Year Reported**	April 01, 2019 - March 31, 2020
7.	**Sector(s) that the Company is engaged in (industrial activity code-wise)**	National Industrial Classification 2008 Code: 6492-Other Credit granting
8.	**List three key products/services that the Company manufactures/provides (as in balance sheet)**	IIFL is a financial services Company offering financing through varied loan products through itself and its subsidiaries.
9.	**Total number of locations where business activity is undertaken by the Company**	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	IIFL has its Registered Office at Thane and Corporate Office in Mumbai in the state of Maharashtra and the Company and its subsidiaries have pan-India presence through a network of around 2,377 branches as on March 31, 2020.
10.	**Markets served by the Company – Local/State/ National/International**	IIFL serves its customers in various local/states/national locations.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Reply
1.	**Paid up capital (INR)**	₹ 756.68/- million
2.	**Total turnover (INR)**	Consolidated: ₹ 48,207.29 million Standalone: ₹ 26,298.80 million
3.	**Total profit after taxes (INR)**	Consolidated: ₹ 5,034.73 million Standalone: ₹ 1,488.04 million
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	Please refer Annual Report on CSR activities annexed to Directors' Report.
5.	**List of activities in which expenditure in 4 above has been incurred**	Please refer Annual Report on CSR activities annexed to Directors' Report.

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes – IIFL has 3 subsidiaries. Pursuant to the Composite Scheme of Arrangement approved by National Company Law Tribunal vide its order dated March 07, 2019, India Infoline Finance Limited got merged with the Company w.e.f. March 30, 2020 and accordingly ceased to be a subsidiary of the Company. Please refer Para no. 2 of Directors Report for detailed information on Composite Scheme of Arrangement.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   The subsidiaries participated in the BR initiatives of the Company and in the financial year 2019-20 two (2) Subsidiaries and India Infoline Finance Limited, a Subsidiary of the Company which got merged with the Company w.e.f. March 30, 2020, participated in the CSR initiatives of the Company through India Infoline Foundation.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   No

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   (a) Details of the Director/Directors responsible for implementation of the BR policy/policies

   1. DIN Number : 00011919
   2. Name : Mr. R. Venkataraman
   3. Designation : Managing Director

   (b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00011919
2	Name	Mr. R. Venkataraman
3	Designation	Managing Director
4	Telephone number	+91 22 67881000
5	E-mail id	shareholders@iifl.com

2. **Principle-wise (as per NVGs) BR policy/policies**

   a) Details of Compliance (Reply in Y/N)

   National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles detailed below :

   P1- Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

   P2- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

   P3- Businesses should promote the wellbeing of all employees.

   P4- Businesses should respect the interests of, and be responsive towards stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

   P5- Businesses should respect and promote human rights.

   P6- Business should respect, protect and make efforts to restore the environment.

   P7- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

   P8- Businesses should support inclusive growth and equitable development.

   P9- Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The principle wise responses are as follows:

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	-	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

Notes:

P 1 Sr. No. 3 - The Company has in place Code of Conduct and other policies which are based on guidelines and key indicators prescribed under Rules and Regulations of RBI/SEBI/NHB/IRDAI and as per Companies Act, 2013. Sr. No. 6 - The policies are available on the website of the Company i.e. www.iifl.com. The internal policies and documents are accessible only to employees of the organisation and made available through IIFL Intranet.

P 2 The Company complies with regulations governing its products and services and has taken initiatives to promote inclusive growth and environmental sustainability. Sr. No. 3 and 6 - The India Infoline Foundation aims to alleviate poverty and facilitate social & economic development through focused and need based programmes. The Company has a Corporate Social Responsibility Policy which is available on the website of the Company i.e. www.iifl.com. The initiatives undertaken by India Infoline Foundation can be viewed on the website of the Company i.e. www.iifl.com.

P 3 Sr. No. 3- The Company has adopted various employee oriented policies covering areas such as employee benefits, whistleblower mechanism, prevention of sexual harassment policy and code of conduct for employees at the workplace as per applicable laws. Sr. No. 6- These policies can be accessible online by the employees of the Company only.

P 4 Sr. No. 3 and 6- The Company has prescribed processes to achieve the objectives described under this principle. The Company has a Corporate Social Responsibility Policy formulated as per the Companies Act, 2013 which can be viewed on the website of the Company i.e. www.iifl.com.

P 5 Sr. No. 3- IIFL has put in place code of conduct which focuses on best employment practices. The Code of Conduct is in adherence to the regulatory and business requirements. Sr. No. 6- The said code of conduct is made available on the intranet of the Company.

P 6 Sr. No. 3 and 6- IIFL complies with applicable environmental regulations and in this regard has framed the Environmental Social and Governance Policy and framework. The policy requires the borrowers of project loans to comply with the various environmental standards and policies and to obtain necessary government approvals. The policy is accessible to the concerned employees of the Company.

P 7 Keeping in view the IIFL's nature of business i.e. financial services, such policy is not applicable to the Company.

P 8 Sr. No. 3 and 6- IIFL has a Corporate Social Responsibility Policy formulated as per Companies Act, 2013 which can be viewed on the website of the Company i.e. www.iifl.com.

P 9 Sr. No. 3- IIFL has Grievance Redressal Policy for its customers which conform to the regulatory guidelines. Sr. No. 6- The policies can be viewed on the website of the Company i.e. www.iifl.com.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify): Keeping in view the Companies nature of business i.e. financial services, such policy is not applicable to the Company.							✓		

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Reviewed annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This Business Responsibility Report of IIFL is a part of the Annual Report for the Financial Year 2019-20. The same will also be available on the website of the Company i.e. www.iifl.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

IIFL conducts its business with utmost integrity. It considers ethics, transparency and accountability to be its most important operational priorities and these are ingrained into its practices across the organisation.

The Company is committed to act professionally, fairly and with integrity in all its dealings. The Company, through its Code of Conduct, has adopted a 'zero-tolerance' approach to bribery and corruption. The Code is applicable to Directors and employees of the Company as well as the Directors and employees of the subsidiary companies.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The number of complaints received from investors in F.Y. 2019-20 was Twenty Three (23) out of which two complaints were pending as on March 31, 2020 and the same were subsequently resolved.

With respect to employees, the Company has a mechanism as provided under the Whistle Blower Policy/Prevention of Sexual Harassment Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee.

Principle 2

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

IIFL along with its subsidiaries viz. IIFL Home Finance Limited and Samasta Microfinance Limited provides various loan products to cater to different classes of customers through an expansive network of branches and direct selling agents. Some of our customised products include home loans, gold loans, business loans to small and medium enterprises and micro finance.

Some of our products offered by its Subsidiaries which incorporate social concerns /opportunities are:

(i) Home Finance

In the home finance segment, we provide small ticket home loans to borrowers from lower income segments. Our 'Swaraj' program specially caters to loans provided under the affordable housing category. Our typical borrowers are first time buyers, employed in the informal sector or owning small businesses. With this product we aim to address the essential social need of owning a house.

(ii) Microfinance

In the Microfinance Segment, we are offering credit support to women who have either limited or no access to formal banking channels. We provide financial services to the economically weaker sections of society with an aim to bring microfinance services like micro loans and credit linked insurance to the doorstep of rural and semi-urban BoP (Bottom of Pyramid) families in India. Microfinance facilitates the creation of business and markets for the economically weaker communities and leads to improvement in their quality of life.

(iii) Small Business Loans

In the SME loans segment, we provide working capital finance to small business owners. We provide small ticket loans, thereby being able to meet the needs of small scale businesses including standalone shops etc. This product helps facilitate bank-excluded customers access essential capital to keep their business running, and provides support to the plethora of micro and small scale enterprises that are crucial to India's economy.

(iv) Gold Loans

Gold has traditionally been a critical asset for Indian households, and is relied upon to meet personal and professional financial needs from time to time for example to finance marriages, education, medical emergencies, working capital for small businesses etc. We provide loans against gold, catering to these needs, from a wide network of branches spread all across the country.

The India Infoline Foundation focuses on inclusive growth in the areas of elementary education, sustainable livelihoods, primary healthcare and financial inclusion. IIFL has a Corporate Social Responsibility Policy which can be viewed on the website of the Company i.e. www.iifl.com. The initiatives of India Infoline Foundation for Inclusive Growth can be viewed on the website of the Company i.e. www.iifl.com.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

Considering the nature of business of the Company and the products/initiatives referred to above, some of the questions below are not applicable to the Company.

i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

N.A.

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Please refer to the response under Principle 6.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

IIFL being a financial services Company does not have any goods and raw material utilisation as part of its products and services. IIFL's major material requirements are related to office infrastructure, administration and IT related equipment and services. Although, there is very limited procurement requirement, the Company takes various initiatives to have responsible sourcing.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

IIFL, being a financial services Company procures its necessary requirements from local suppliers and vendors. The Company has taken various initiatives for development of local communities; the details thereof are available in Annual Report on CSR Activities annexed to Directors' Report. Kindly refer the same.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

As the Company is not a manufacturing entity; the waste generated at our premises is being managed through the process of normal waste disposal. Our Company has defined procedures in place to dispose of e-waste through authorised e-waste vendors. Most of our Company's businesses incorporate social and environmental concerns in its finance operations. As a recycling initiative waste water is entirely treated & re-utilised for gardening, flushing & cooling tower requirements in two of our large offices.

Principle 3

1. Please indicate the Total number of employees.

   IIFL and its subsidiaries had 22,570 employees (including contractual employees) as on March 31, 2020.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

   IIFL and its subsidiaries had 629 employees as on March 31, 2020 on contractual basis.

3. Please indicate the Number of permanent women employees.

   IIFL and its subsidiaries had 3,510 women employees as on March 31, 2020.

4. Please indicate the Number of permanent employees with disabilities.

   IIFL does not specifically track the number of disabled employees. IIFL is an equal opportunity employer and treats all its employees equally.

5. Do you have an employee association that is recognised by management?

   No

6. What percentage of your permanent employees is members of this recognised employee association?

   N.A.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

   Three (3) cases of sexual harassment were reported in IIFL and Five (5) cases in its subsidiaries during the financial year 2019-20 and all were disposed off after due verification/investigation and appropriate actions initiated, if any. No complaints were received in other areas.

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

   (a) Permanent Employees - 70%

   (b) Permanent Women Employees - 81%

   (c) Casual/Temporary/Contractual Employees - 7%

   (d) Employees with Disabilities - N. A.

Safety at Work place is looked at in a multidimensional approach at IIFL. Following elements fall under the purview of employee safety:

1. Fire and Safety Training:

   Fire and Safety drills are conducted at regular intervals by the qualified Security inspectors at our Zonal, regional and area offices, and awareness drive is also undertaken at our branches regularly.

2. Information Security Awareness & Data Privacy:

   Information security awareness and Data privacy training is regularly undertaken to ensure that there is no data theft or leakage or malicious content which may disrupt the functioning of the organisation.

3. Prevention against Sexual Harassment at Work place:

   Apart from the presence of a Prevention of Sexual Harassment Committee, e-learning courses are also deployed to every employee in the organisation, under the set of mandatory courses for completion.

4. Health and Wellness:

   a. Through our Health & Fitness app HealthifyMe, employees are provided free access to personal health coaches, diet charts, exercise options etc.

   b. Often health checkup camps and yoga sessions are conducted to ensure mental and physical well-being of employees, irrespective of gender.

   c. Regular blood donation and other health camps are organised through HR and CSR teams to spread the word of living a healthy life.

5. Safety against indulging in Insider trading activities:

   The Company has laid down clear policies on prevention of insider trading and every employee undertakes a commitment towards not engaging in acts which fall under the purview of insider trading. We also have digital learning content which clearly explain the expectations from management w.r.t. compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended.

6. Work Process Adherence and Safety:
   a. Through sensitising employees on 'Gifts Policy' through an online medium, organisation ensures that employees are adequately informed and trained on nuances with regard to acceptance of gifts from third party Associates/ Consultants/ Customers/ Vendors.
   b. Through our e-learning module on 'Anti-Bribery & Corruption', awareness among employees is developed on various organisational policies on bribery and corruption, clearly demarcating the do's and don'ts of business.

From a skill enhancement perspective, following interventions are made available to employees, through our digital platform Money Versity, thus ensuring learning on the go and an opportunity to access content at the users convenience.

A structured Induction process for new recruits ensures that all role related functional and skill inputs are made available for self-directed learning on day 1 of joining itself, through high quality video modules, delivered through our Learning Management system. For specific businesses, On the Job trainings are also provided and are digitally monitored to ensure quick induction to business work flows and processes.

Through our Learning Experience platform – Money Versity, employees are given access to skill building opportunities through access to world class content available in world wide web, as well as custom designed IIFL's proprietary modules. The learning opportunities go beyond just product, policy and process to aspects of Health & Wellness, News & Views in financial space, Motivational videos, Financial Literacy, and to the extent of updates on Covid-19 & Social Distancing.

Mental wellness is also promoted through various experiential sessions conducted for employees.

Principle 4

1. **Has the Company mapped its internal and external stakeholders?**

   Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

   Yes

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

   IIFL under its CSR Policy and through India Infoline Foundation undertakes following activities - literacy centers for out of school girls in the tribal hamlets of Rajasthan, Creche & learning centre for children of migrant construction workers, Financial literacy & inclusion centre for women in East and North-Eastern states, support to Govt. Schools for development of infrastructure & digital learning platform, Medical camps for economically weaker section in UP and Maharashtra, Machinery support to Govt. Hospital, Disaster Relief activity & Water conservation initiative, Livestock development programme & also supported a Private school who runs school for differently abled students. IIFL Foundation also contributed to PM Cares & extended help to hospitals to fight against Covid-19 crisis in India.

   For details, please refer Annual Report on CSR activities annexed to Directors' Report.

Principle 5

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   IIFL follows the code of conduct which covers IIFL and its subsidiaries. In addition, IIFL's whistle blower program covers all its internal and external stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   Please refer response to question number 2 under Principle 1.

Principle 6

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

   As mentioned under responses to Principle 2, given the nature of business of the Company this Principle is not largely relevant. However, IIFL and its subsidiaries are in compliance with applicable environmental regulations.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   As an environmentally responsible corporate, IIFL has been striving towards imbibing green sustainable products, processes, policies and practices. Energy conservation measures such as installation of energy efficient equipment, chillers and pumps are some of the key initiatives undertaken by us. IIFL is an environment friendly organisation constantly working towards developing solutions to minimise its impact on the environment.

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Since the Company is not a manufacturing entity, the above question is not applicable.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Since the Company is not a manufacturing entity, the above question is not applicable.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   As outlined above, IIFL participates in several initiatives in the area of environment and sustainability. We have also taken several measures to minimise our environmental impact due to business travel. These measures include carpooling, company bus service, video / audio conferencing facilities at all major offices. Apart from this we have also moved to digitalisation platform wherein we save on paper and stationery.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Since the Company is not a manufacturing entity, the above question is not applicable.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil

Principle 7

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   IIFL is a member of trade bodies/Associations such as CII, FICCI, Microfinance Institutions Network (MFIN), Association of Karnataka Microfinance Institutions (AKMI), Odisha State Association of Financial Inclusion Institutions (OSAFII), Kerala Association of Microfinance Institutions (KAMFI), Sa-dhan and FIDC etc.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   The Company through various associations and trade bodies provides suggestions with respect to development and regulation of financial services sector. The Company, through India Infoline Foundation has been working on several initiatives for promotion of Girl Child Illiteracy eradication program and Financial Literacy Program etc.

   The members of Board/senior management participated in various committees/ working groups constituted by the Government of India/ RBI/SEBI/NHB.

Principle 8

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes – educating the illiterate or semi-literate and schooling the unschooled is the key program under which we work by starting community schools in remote locations to facilitate education opportunities for girls among tribal communities dwelling in remote locations. These community schools engage girls who are out of school due to problems such as access, poverty as well as cultural and other issues. We promote Financial Literacy & Skill development programs for women and youth in rural areas. The initiative pays special attention towards participation & inclusion of women in financial planning of their household, by developing their interest in planning & management of savings, investments and availing

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financial inclusion schemes by government. Mega Medical Camps were organised to offer free cataract operations and dental treatments for economically weaker sections from rural areas. The Company also runs a learning center cum crèche for children of migrant construction site workers. Also initiatives to conserve water through construction of dams and rejuvenation of river, making drought prone areas water positive to aid farmers and agriculture practice are conducted. IIFL has also extended by donation to PM Cares Fund to fight against the COVID-19 crisis.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?

   Both – directly as well as in association with a local partner.

3. Have you done any impact assessment of your initiative?

   Yes – Quarterly tracking is done to check the progress of the activities.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

   Please refer Annual Report on CSR Activities annexed to Directors' Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Yes. All the community school programs are implemented with active participation of the community by constituting SICOM (School Inspiration Committee) comprising of members from community. They participate in decisions regarding the school such as location, teacher appointment, school timing etc. This ensures that the community owns the program and works towards achieving the goals and objectives alongside us. Also, community is encouraged to adopt the learning centers, thus promoting sustainability of the initiative. Through the Financial literacy center, women are encouraged to become volunteers and share their learning's with women from neighboring areas and communities.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

   The Company and its subsidiaries, in their normal course of business resolve / reply to the customer grievances within the given timelines. As on March 31, 2020, the numbers of pending complaints are negligible i.e. less than 2% of the total customer Complaints received during the year and the same have since been resolved/ replied subsequently.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

   Since IIFL is not a manufacturing entity, the above question is not applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   In the ordinary course of business, some customer may have grievance/disputes against IIFL/its subsidiaries. IIFL and its subsidiaries always endeavour to maintain cordial relationship with its customer and attach utmost importance to verify/investigate the matters and arrive at an amicable settlement, but in some cases where it is not possible, IIFL pursues legal resolution for the same.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

   In the normal course of the IIFL's services to customers, the customer service teams do ascertain the satisfaction of the customers as per its systems and methodologies as also the management assesses the customer satisfaction level on important/critical areas from time to time. However, no such formal consumer survey/ consumer satisfaction trend has been carried out by IIFL.

For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

Nirmal Jain
Chairman
(DIN: 00010535)

Date: June 07, 2020
Place: Mumbai

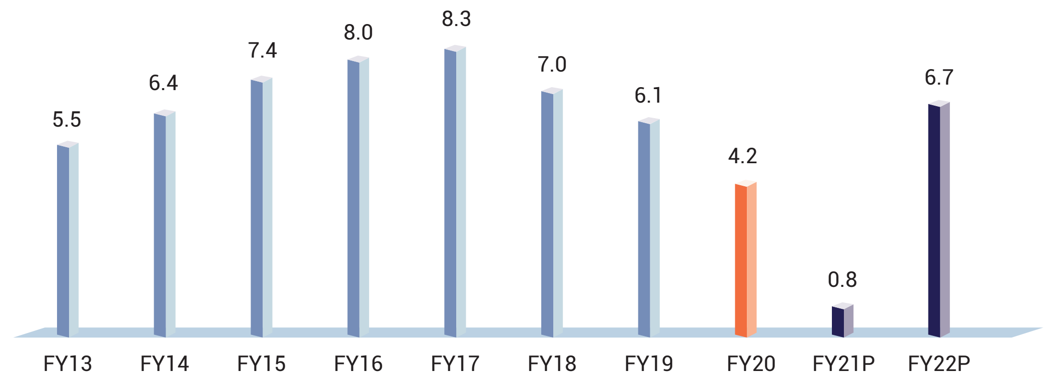
MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY OVERVIEW

Indian GDP growth has been on a declining trend in recent quarters – falling from 8.1% in Q4FY18 to 4.7% in Q3FY20. The largest factor contributing to this has been the slowdown in consumption, which makes up approximately 60% of the Indian economy. Private Final Consumption Expenditure (PFCE) grew by just 3.1% in Q1FY20, 5.0% in Q2FY20 and 5.9% in Q3FY20.

Just as some green shoots had started appearing, the entire world was struck with the massive impact of the contagious COVID-19 virus. Almost all the major economies of the world have gone through some form of lockdown or social distancing. The lockdown in India has severely impacted the economic growth in the fourth quarter of FY20. Indian economy grew by 3.1% in Q4FY20 and the full year FY20 GDP growth now stands at 4.2% (Source: MoSPI), weakest since the financial crisis hit more than a decade back. The lower growth rate will lead to reduced income which is expected to further reduce demand and affect the recovery in FY21. The dip in demand and lockdown has severely hit retail, tourism, hospitality, aviation, real estate and construction sectors. Also, the reduced oil prices around the world and subsequent lower demand has affected the petroleum and diesel and industries.

Indian Economy Growth Output (%)



Source: MoSPI, Fitch

To mitigate the negative impact of the pandemic and the lockdown, the Government of India along with the Reserve Bank of India (RBI) has released a stimulus package of ₹ 20 trillion, which is approximately 10% of GDP. The package includes additional liquidity to sectors like NBFC and MSME, government guarantees on lending by banks, greater allocation to social spending schemes like MNREGA, direct bank transfers, free foodgrains for the poor, etc. Earlier, RBI had lowered the benchmark repo rate to its lowest ever level of 4.0%. Also, the RBI announced a moratorium of another three months from June 01, 2020 1 to August 31, 2020 from the earlier 3 months on repayment of term loans and interest on working capital, taking the total period of applicability of the moratorium period to 6 months.

The shape of the post-pandemic recovery curve depends upon the length of time for which economic activity is subdued, and damage caused by it. The growth is expected to be affected in the first half of FY21, and thereafter to pick up pace in the second half. According to Fitch, India's GDP is expected to grow to 0.8% in FY21. This reduced growth is mainly on account of reduced consumer spending and contraction in investments.

INDUSTRY STRUCTURE AND DEVELOPMENTS

NBFC

Since the last decade, the NBFC sector has held critical importance in the Indian Financial Services sector. The main objective of NBFCs has been serving the underserved segment of the Indian economy such as MSME, microfinance and other retail segments. Over the past few years NBFCs have undergone a significant transformation and today they form an important component of India's financial system. NBFCs are harnessing technology to reinvent traditional business models and offer loans in a faster, customised and more convenient way to the underbanked population of India. NBFCs especially those catering to the urban and rural poor namely NBFC-MFIs and Asset Finance Companies have a complimentary role in the financial inclusion agenda of the country.

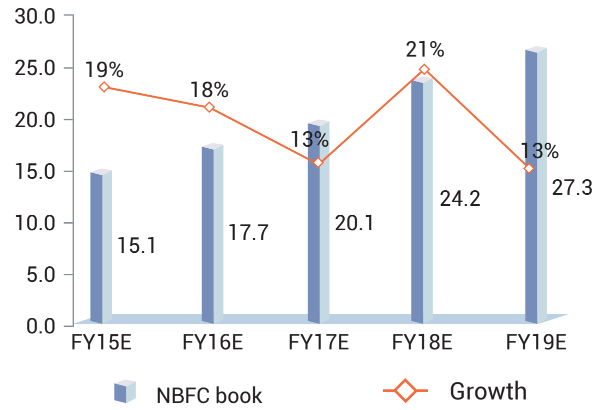
Most NBFCs leverage alternative and technology-driven credit appraisal methodologies to ascertain the credit worthiness of prospective borrowers. This differentiated and unique approach allows them to meet loan requirements of individuals and businesses left traditionally underserved by banks. With the introduction of e-KYC and digital loan agreements making borrowing an instant and hassle-free experience, NBFC lenders are already offering the right financial products to consumers and small businesses in a customised manner. The use of technology to optimise business processes also keeps cost overheads to a minimum, enabling credit to be availed at highly competitive interest rates.

Moreover, NBFCs often have deep regional reach, which they leverage to build robust relationships with their target customer bases. Many new-age NBFCs have started investing in analytics and AI capabilities to connect to their customers in a hyper-personalised manner to serve their credit needs better.

It was a clear indication during the Budgets in July 2019 and February 2020, that the financial services sector, being the backbone of the economy, would be a focus area to boost the economy and investor confidence. For the NBFC sector, the limit to be eligible for debt recovery under the SARFAESI Act, 2002 has been proposed to be reduced from ₹ 5 billion to asset size of ₹ 1 billion or loan size from existing ₹ 10 million to ₹ 5 million. Secondly, the Factoring Regulation Act, 2011 has been proposed to be amended so as to enable the NBFCs to extend invoice financing to the micro, small and medium enterprises (MSMEs) through the Trade Receivables Discounting System (TReDS), thereby enhancing their economic and financial sustainability.

NBFCs (including HFCs) outstanding AUM stood at ₹ 27.3 trillion as at FY19. From FY14-FY19, it grew at a CAGR of 17%. The NBFC sector (including HFCs) are expected to post an AUM growth of 6-8% in FY20, as compared to 13% in FY19 (Source: CRISIL). Slow economic growth on account of pre-existing macroeconomic factors, COVID-19 lockdown impact, rising borrowing cost and constrained funding access are some of the reasons behind the moderated growth rate. However, NBFCs with largely retail granular portfolio are having lesser difficulty in accessing funds. These retail focused NBFCs, as they have a de-risked portfolio, are facing lesser challenge as compared to whole-sale focused NBFCs.

NBFC AUM (₹ in trillion)

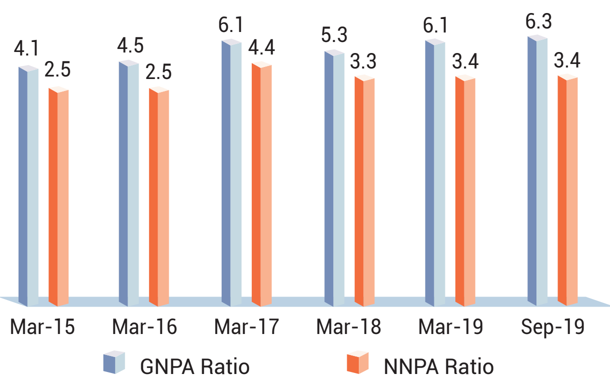


Source : RBI, NHB, MFin, CRISIL Research

NBFCs are also adapting to the changing environment and resetting their business model such as shift of funding for wholesale class assets to alternative investment fund (AIF) and de-risking of loan book.

On the Non-performing asset (NPA) front, the GNPA ratio for NBFC sector rose marginally from 6.1% as on March, 2019 to 6.3% as on September, 2019. These delinquencies are expected to rise by another 30 to 150 basis points (bps) by March, 2020 (Source: CRISIL). The NNPA ratio stood at a steady 3.4% as on both the periods (Source: RBI).

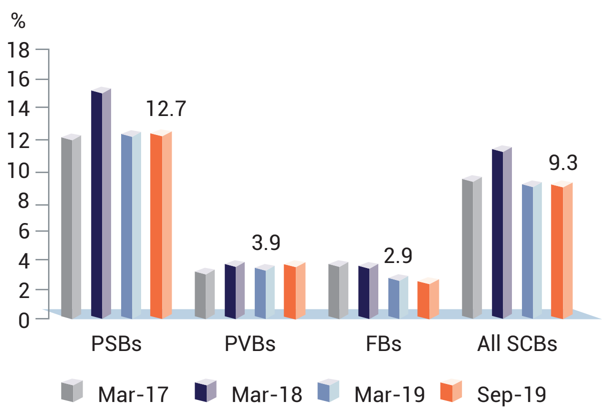
NBFCs' asset quality (%)



Source: RBI

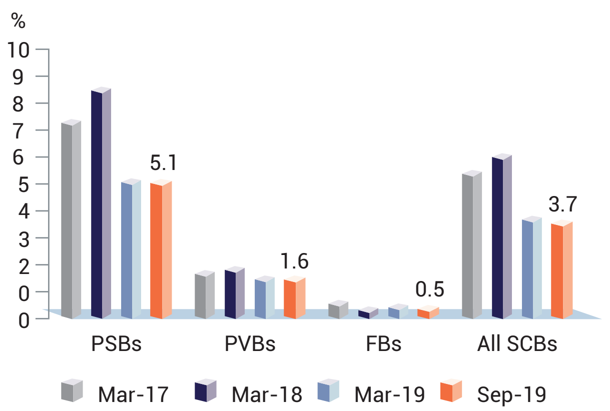
Similarly, in case of SCBs, the GNPA ratio remained unchanged at 9.3% in September, 2019 as compared to March, 2019. However, NNPA ratio declined moderately as of September, 2019 indicating an increase in provisioning as compared to March, 2019.

a. SCBs' GNPA ratios (%)



Source: RBI

b. SCBs' NNPA ratios (%)



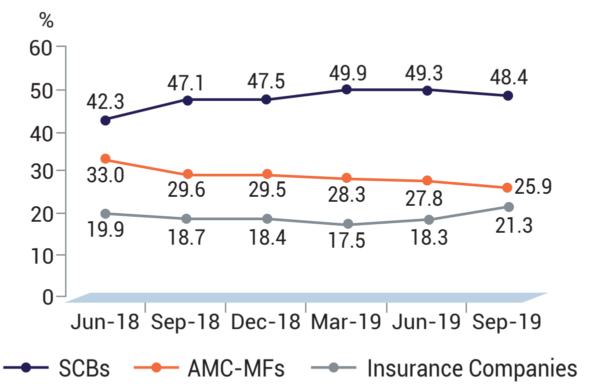
Source: RBI

The RBI has now notified that non-residents will have unrestricted access to all 5, 10 and 30 year sovereign bonds from FY21. This opens up the opportunity to tap the foreign savings and should help fund our budget deficit. A more exploration of the bond market will be important for banks and NBFCs in India from a liquidity perspective. The mutual fund AMCs also significantly lend to the NBFC sector. The mutual fund industry garnered over ₹ 86 billion through systematic investment plans in the month of March 2020, a rise of 7% from the year-ago period, even as the broader market witnessed heavy volatility amid concerns over the impact of corona virus pandemic.

Liquidity Updates

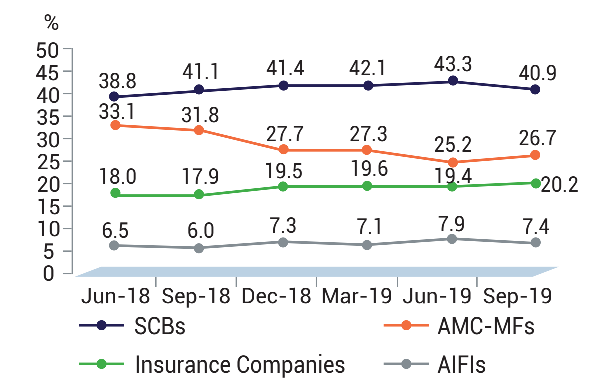
Since 2019 though, this segment has faced few difficulties due to the liquidity crisis on account of failure of an infrastructure finance company. Banks tightened their credit flows and this liquidity squeeze reduced the pace of acceleration of credit as entities chose to focus on asset-liability management over AUM growth. Also, Mutual Funds (MFs) witnessed a fall in NBFC exposure due to liquidity concerns and reduction in sectoral exposure limit by SEBI in NBFC from 25% to 20%. As a result of which share of AMC-MFs in outstanding borrowings fell from 33.0% in Jun-2018 to 25.9% in Sep-2019 for NBFCs, and from 33.1% in Jun-2018 to 26.7% in Sep-2019 for HFCs. Alternatively, NBFCs and HFCs have resorted to banks for their funding needs via term loans, securitisation and assignment.

Share of top 3 lender groups in NBFCs' gross payables to the financial system



Source: The Reserve Bank's Supervisory Returns and staff calculations.

Share of top 4 lender groups in HFCs' gross payables to the financial system



Source: The Reserve Bank's Supervisory Returns and staff calculations.

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However, NBFCs with a solid and sound business model as well as proven teams have successfully maintained asset quality levels and driven profitability in these challenging times. The focus in FY20 was more on managing the existing loans.

In order to encourage bank lending to NBFCs, the RBI announced in August 2019 that banks can have an exposure of up to 20% of their Tier 1 capital to a single NBFC as compared to the 15% limit earlier, which enabled to increase credit flow as bank funding to NBFCs grew by 30% Y-o-Y. At the same time, the regulator also eased the priority sector lending (PSL) norms by allowing banks to provide funds to NBFCs for on-lending to agriculture up to 1 million, MSMEs up to ₹ 2 million and housing up to ₹ 2 million per borrower to be classified as priority sector lending. Also, to ensure that public sector banks lend further to NBFCs, the government of India has allowed the sale of BBB+ rated pooled securities to banks (Eg: Partial credit guarantee scheme). These provisions would allow NBFCs to further improve liquidity.

Liquidity Risk Management Framework

Further to counter future liquidity risk in the sector, RBI introduced a new liquidity risk management framework. Under the new framework, non-deposit taking NBFCs with asset size of more than ₹ 100 billion and all deposit taking NBFCs will have to maintain a liquidity coverage ratio (LCR) requirement of 50% by December 01, 2020 and progressively increase it to 100% by December, 2024. Similarly, non-deposit taking NBFCs with asset size between ₹ 50 billion and ₹ 100 billion would be required to have a minimum LCR of 30% by December 01, 2020. This might have produced short-term pain in the industry but it's an excellent long-term measure to protect the sector from externalities, boost confidence in robustness of the sector, lower cost of funds for NBFCs (due to lower risk perception) and improve the overall risk management frameworks across the industry.

Off-Shore funding/ECBs

The offshore funding route in FY20 has enabled better-placed NBFCs to further diversify funding sources enabling them to capture relative funding-cost benefits and exploit growth opportunities. In H1FY20, companies raised over ₹ 1.4 trillion through external commercial borrowings (ECBs) and foreign currency convertible bonds (FCCBs) (Source: SBI). NBFCs accounted for a 45% of all ECB issuances in H1FY20 out of the above amount. On a y-o-y basis, NBFC fund-raising through the ECB route increased by 80% during the period.

COVID-19 Impact

Banks as well as NBFCs are facing a downside impact on the business due to the COVID-19 pandemic outbreak and the resultant lockdown. However, the Gold loan segment is expected to perform well despite the slowdown mainly due to increased requirement for working capital and bridge finance for small businesses, traders, shopkeepers and households. Also, a reducing LTV on account of rising gold prices is an added advantage. The housing loan segment is also expected be the least affected after gold because majority of the borrowers are salaried and collections are through auto-debit instructions. However, affordable housing loans could face difficulties because of higher proportion of self-employed borrowers, whose income streams have been affected by the lockdown. Similar impact may be witnessed for vehicle loans segment, since reduced traffic may lead to lower income for fleet owners. The outreach of MFI segment is also affected since collection of repayments involves visit to households. However, the three (now six) month moratorium given by RBI has helped NBFCs to manage delinquencies better. This will also ensure adequate liquidity and working capital balance for individual borrowers and MSMEs across the country.

Fresh loan disbursements in the short term will be low and is expected to remain muted in the medium term as well. Digitised lending as well as online top-up and renewal of loans in case of products such as gold loans is the solution to a considerable extent for the slowdown in the sector since it has no physical contact, and hence zero health risk. The lower cost of on boarding and the reduced turnaround time of digitised loans also led to a lower operating cost of loan disbursement for banks and NBFCs. Fintechs can help in the process to offer end-to-end loan digitisation in collaboration with NBFCs.

Going Forward

On the business front, NBFCs will have to leverage technology heavily to keep costs and Non-Performing Assets (NPAs) low. NBFCs also need to have stricter underwriting practices and closely monitor client repayment. The most significant driver of growth will be the ability to create innovative products, delivered efficiently through the use of technology.

On the COVID-19 impact, the six month moratorium on term loan repayments given by RBI will not result in any revenue (Interest income) loss for lending banks and NBFCs as borrowers opting for deferment will either have to extend their tenure else increase the quantum of EMIs. This will ensure continuity of vital businesses and thereby ensure gradual recovery in FY21. With a well-equipped business continuity and contingency plan, NBFCs can quickly bounce back post the corona virus outbreak slows down. NBFCs with proper planning can overcome the impact of this disruption in the second half of FY21, and continue its successful growth trajectory.

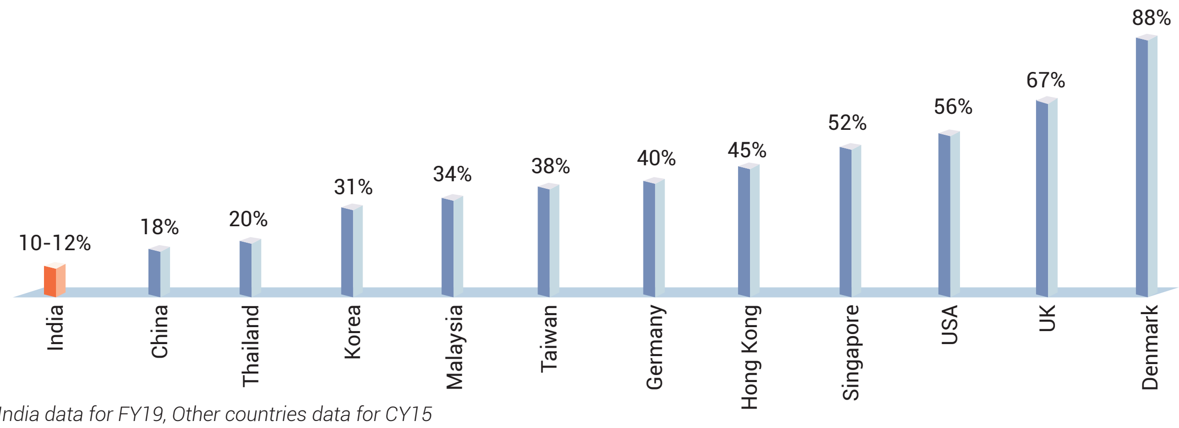
Housing Finance

HFCs are specialised lending institutions which, along with SCBs, are the main providers of housing finance. Housing finance is the second-largest portfolio after infrastructure for NBFC. Several NBFCs have shifted focus to secured lending post global slowdown in 2008-09, when delinquencies on unsecured loans soared. The shift in focus can be gauged from the fact that a large number of players started full-fledged housing finance divisions as a result of which loan outstanding of HFCs accelerated. The change in focus to secured assets helped de-risk the loan books of NBFCs and HFCs and resulted in continuous improvement in asset quality.

The home loan segment in India grew over the years mainly on account of increasing demand from Tier 2 and 3 cities, rising disposable income, interest rate subventions and fiscal incentives on housing loans. HFCs grew at a CAGR of 20% from FY13 to H1FY19. In H2FY19, it grew at 8% YoY due to liquidity constraints (Source: CRISIL). The book growth in FY20 is expected to be ~2% (Source: Brickworks).

However, India's housing finance sector has remained relatively underpenetrated compared to its peers as evident by the low mortgage-to-GDP ratio of less than 15% in FY19 as shown below. This shows the potential India holds for the mortgage market in the future. The growth is likely to be driven by factors such as young population, nuclear families, urbanisation and rising income levels.

Low mortgage penetration (% of GDP) compared with other developing countries

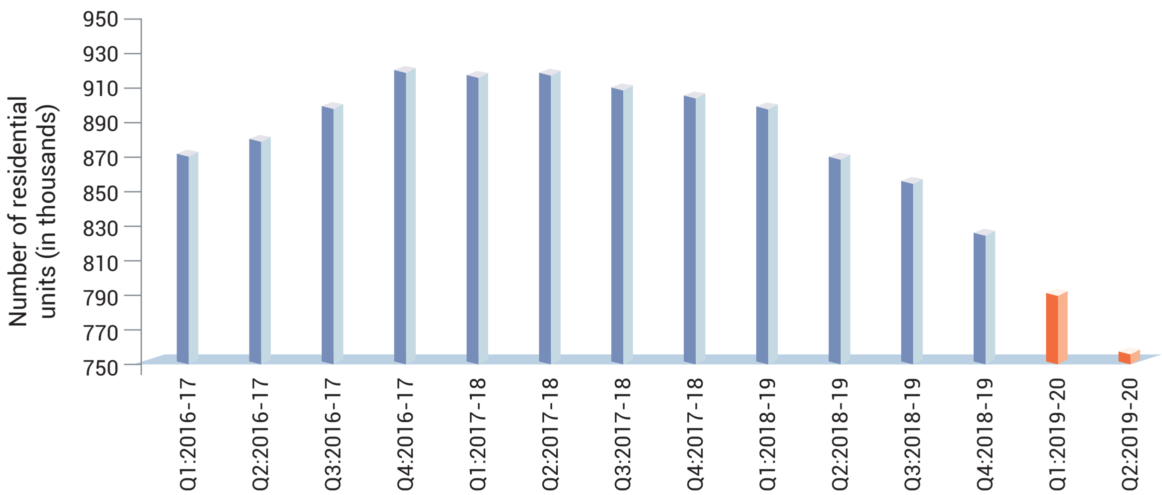


Note: India data for FY19, Other countries data for CY15

Source: European Mortgage Federation, HOFINET, CRISIL Research

Though launch of new housing projects fell down in FY20, unsold inventory was at an all time low as on September, 2019.

Unsold inventory of residential units



Source: PropTiger DataLabs

While growth in Tier 1 centres has almost stagnated, the overall housing sector is being driven largely by growth in Tier 2 and 3 centres.

Going Forward

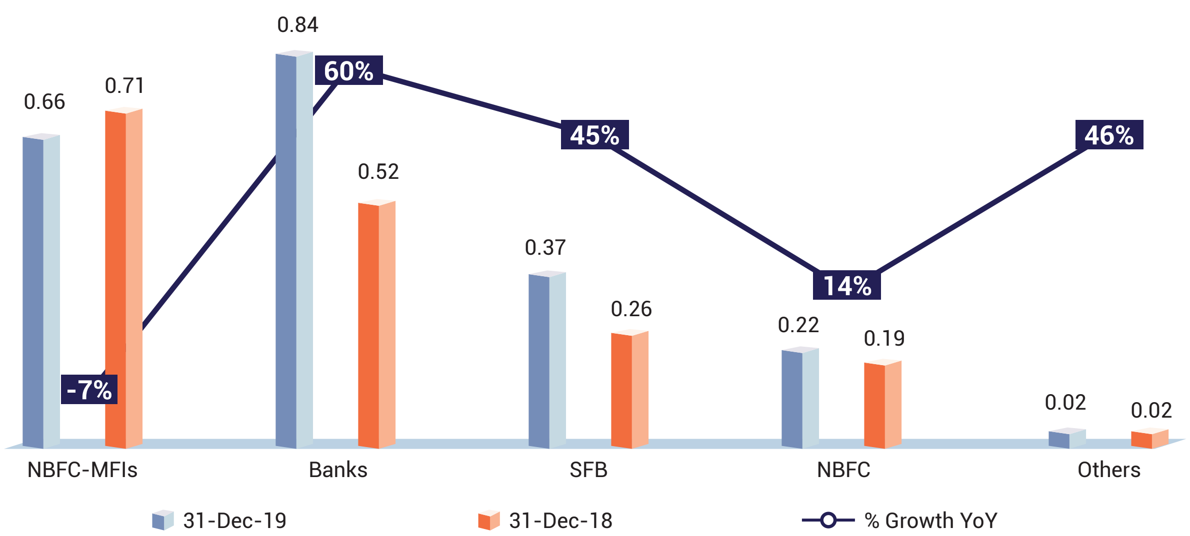
Though the impact of COVID-19 has affected the housing sector, it is expected to pick up in the second half of FY21. The affordable housing space, which accounts for roughly 15% of the overall portfolio of HFCs, is generating good interest in banks, and co-lending in this space will also provide required impetus to drive growth, given the government push towards affordable housing. Opportunities in the construction of affordable housing units will remain strong over the coming years, driven by Prime Minister Narendra Modi's Pradhan Mantri Awas Yojana (Urban) [PMAY(U)] initiative. Also, on the liquidity front, with the fall in traditional borrowing routes, HFCs have begun to obtain a large portion of their funding through the securitisation route.

Micro Finance

In India, microfinance has fueled the efforts of rural development, women empowerment and wealth generation by providing small scale savings, credit, insurance and other financial services to poor and low income households. One of the most important features of Micro Finance is aiding the process of attaining financial inclusion in India. They serve as a supplement to banks. There is a huge gap in demand and supply in micro credit in India and that a large part of gap is serviced by informal sources including money lenders. This represents an attractive business opportunity for MFIs in India.

Microfinance industry grew by 24% y-o-y as on December, 2019 with total loan portfolio standing at ₹ 2.11 trillion. Non-banking financial company - microfinance institutions (NBFC-MFIs) are the second largest provider of micro-credit with a loan amount outstanding of ₹ 0.66 trillion (Source: MFIN report).

Portfolio outstanding of the microfinance industry (₹ trillion)



Government initiatives for the NBFC, HFC & MFI Segments

In order to boost liquidity, Bank credit to registered NBFCs via on-lending towards agriculture, MSMEs and housing sector up to prescribed limits will be treated as priority sector loans from April, 2020 onwards. The move is expected to boost credit disbursement in the targeted segment like agriculture, MSME and housing sector. Also, The RBI in March, 2020 mentioned that the bank credit to registered NBFCs (other than MFIs) and HFCs for on-lending will be allowed up to an overall limit of 5.0% of individual bank's total priority sector lending. Banks will compute the eligible portfolio under on-lending mechanism by averaging across four quarters, to determine adherence to the prescribed cap.

In order to cater to the needs of MSMEs, the government has proposed to set up an Infrastructure Task Force that will invest around ₹ 1 trillion to help restructure MSMEs and deploy these funds for the next 5 years across the industry. The government has also launched a stressed asset fund of ₹ 50 billion for domestic MSMEs to sustain business and ensure availability of funds. Also, a Government-sponsored Fund of Funds (FoF) is set up to support crowd funding from Venture capital and private equity firms in the MSME sector. Under the Interest Subvention Scheme for MSMEs, ₹ 3.5 billion has been allocated under Union Budget 2019-20 for 2% interest subvention for all GST registered MSMEs, on fresh or incremental loans.

For the housing sector, in November, 2019 government allocated ₹ 100 billion to set up AIFs for revival of stalled housing projects. Also, in the Budget 2020, the Union government extended the benefit of availing additional deduction of up to ₹ 0.15 million for interest paid on loans for affordable houses by an additional one year till March 31, 2021.

To counter the COVID-19 impact, the government has announced measures worth ₹ 750 billion for NBFCs and MFIs as part of the government's economic rescue package of ₹ 20 trillion. The Government allocated ₹ 300 billion to buy investment-grade debt of NBFCs, HFCs and MFIs. The second measure is a partial guarantee scheme worth ₹ 450 billion on primary market paper sold by NBFCs.

OPPORTUNITIES

Co-lending

One of the key obstacles currently India faces is how to covert liquidity from risk-averse PSBs into credit to fund the consumption growth. One of the most prominent way is to lend to NBFCs via co-lending. Co-lending is a very encouraging way of spreading risk, wherein the entire loan is not on the NBFC's balance sheet and the banks also do not lend to the NBFC but to the borrowers directly. The government had ushered a slew of schemes such as co-lending, partial guarantee and onward lending last year. However, the full potential of these schemes are yet to be explored by a wider set of NBFCs. The main advantage to NBFCs is getting access to a new set of customers and cheaper funding sources. Co-lending is expected to create considerable amount of synergy for the sector.

Increasing Consumerism

Over the years, retail borrowing in India has evolved a lot. As a result of which a paradigm psychological shift has been observed in consumers' borrowing behaviour. Leisure has become an essential component of Indian urban and semi-urban lifestyles and hence they are willing to take loans for instant gratification. This change resulted in a significant rise in demand for personal credit. The earlier aspirational ideology of savings has given way to consumerism. This has given boost to unsecured lending such as personal loans and credit cards across the country. Though there is economic slowdown in the economy, personal loans and credit cards continued to grow. Credit card outstanding grew at 41% in December, 2019 compared with 32% a year ago. Personal loans grew at 28% as on December, 2019 compared with 34 % in the same period last year. The volume of origination in personal loan category increased by 134% Y-o-Y. (Source: TransUnion CIBIL). With the rapid evolution over the last decade of consumer mind-set from a savings-focused and debt-averse country to a more consumption-focused, leveraged economy, the future for personal credit in India is very bright.

Partnership with Fintechs

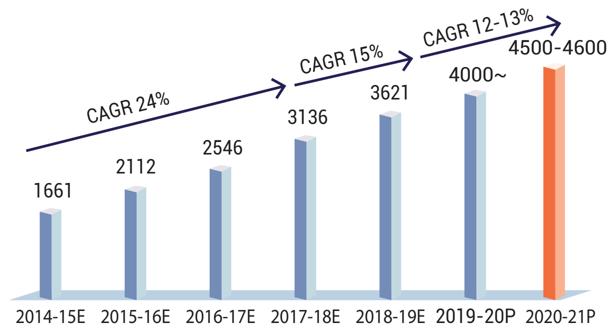
NBFCs have better access to credit market due to its existing large customer pool. NBFCs also have a robust credit underwriting, risk management and collection process in place. Fintechs on the other hand with the use of their new-age technologies and digital tools such as AI, machine learning, and data analytics extend customised working capital solutions to the retail segment in India. They offer superior customer experience through new-age underwriting models, seamless partner integration and real-time loan decisions. Moreover, they also have access to crowd funding. NBFCs can serve the niche segments in partnerships with fintechs. This will lead increased synergies between NBFCs and fintechs.

Underserved MSME segment

There is still a large unbanked population in India who doesn't have access to formal banking channels. MSME contribute significantly to India's Gross Domestic Product and this is a sector where there is huge potential for growth but limited access to funds from traditional banks and Financial Institutions. The Government of India has outlined a plan to increase the sector's GDP contribution to 50% from 29% (FY19), in order to achieve the USD 5 trillion target that it has set for its economy. NBFCs with wide coverage and deep penetration in rural India can play a pivotal role in serving these areas by partnering with various players in BFSI and consumption space with innovative products like Micro ATM, Cash deposit/collection, selling home appliances, bundling insurance life and health.

According to a BizFund report, only 16% of MSMEs in India receive formal credit leaving more than 80% of these companies under-financed or financed through informal sources. Informal credit ends up being much more expensive than formal debt making it difficult for MSMEs to address accumulated debt burden. The World Bank estimates the current credit gap for MSMEs in India to be at USD 380 billion. With continued digitisation efforts and improved regulatory norms for data security and protection, this credit gap needs to be addressed by NBFCs in collaboration with fintechs. According to CRISIL, the NBFC financed MSME segment is expected to grow at a CAGR of 12-13% in FY20 and FY21.

MSME credit of non-banks: Past and Projected growth (₹ Billion)

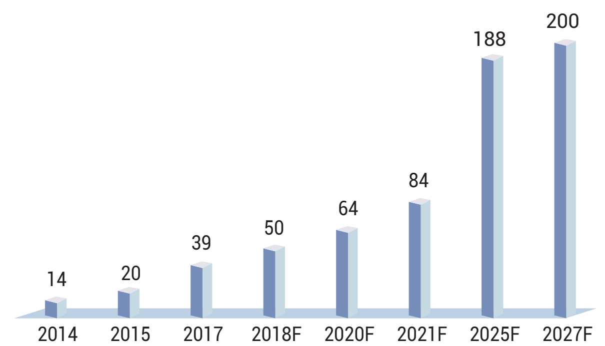


Source: CRISIL

Partnership with e-Commerce players

The e-commerce market is expected to grow at a CAGR of 18% from USD 39 billion in 2017 to USD 200 billion by 2027 (Source: PwC).

E-commerce industry in india (USD Billion)



Source: PwC

There is a huge demand for online credit from buyers, especially for mid- to high-ticket size items. Digitally focused NBFCs have effectively leveraged e-commerce platforms by offering instant credit with their innovative analytics-driven underwriting models. Also, many banks and NBFCs offer zero-cost EMI have captured a significant market share in this segment with a growing proportion of gross merchandise sales on e-commerce platforms happening through EMIs. The Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest E-commerce market in the world by 2034. In future e-commerce industry is expected to attract more customers from tier 2 and 3 cities. Also, a large number of selling partners on e-commerce websites have working capital needs during demand spikes.

NBFCs with the help of process automation, analytical tools, AI etc can explore this growing market opportunity in the form of non-collateralised loans. Through its 'Digital India' campaign the Government of India is aiming to create a trillion dollar online economy by 2025.

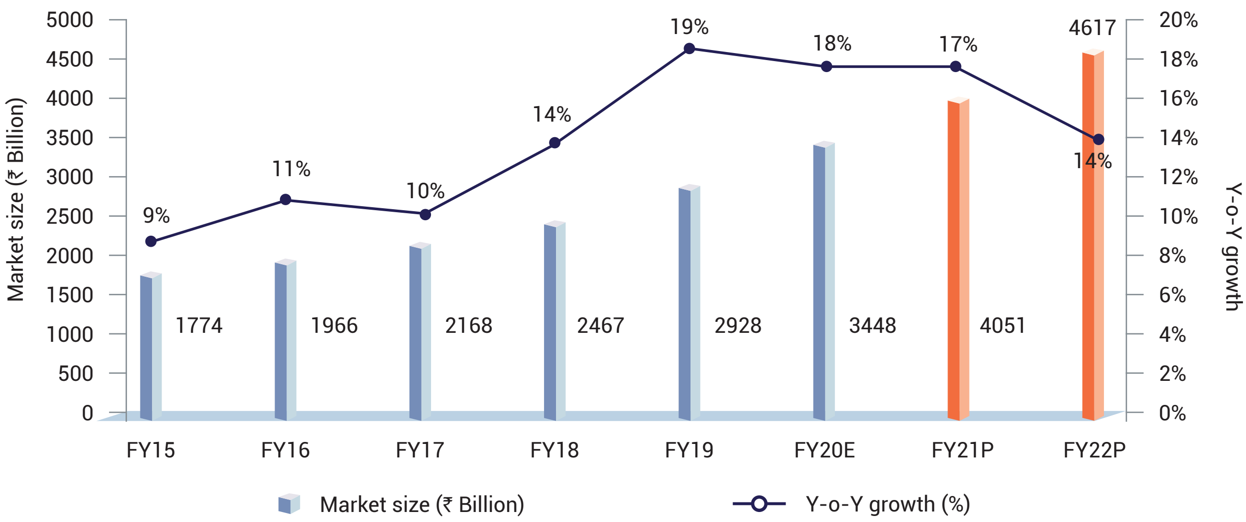
Growth of Digital Financial Services and tech enabled lending

Technology-driven financial services or digital financial inclusion is one of the crucial ways to serve lower-income customers in India. Digital tools have fostered speedier and more inclusive growth by dramatically reducing financial service providers' costs and making services more convenient and accessible for users, especially low-income subscribers in remote locations. Internet penetration in India grew from just 4% in 2007 to 34% in 2017, registering a CAGR of 24% between 2007 and 2017. Rural internet subscriber base stood at 227.01 million and rural India penetration was 25% in FY19. Internet penetration in rural India is expected to grow as high as 45% by 2021. Urban internet subscriber base stood at 409.72 million and its penetration was 98% per cent in FY19 (Source: IBEF). Digital financial payments delivered via internet and mobile phones coupled with the rising credit demand are a huge opportunity for NBFCs and fintechs to expand their credit outreach.

Gold loan demand

India's gold loan market is expected to reach ₹ 4,617 billion by 2022 at a five-year compounded annual growth rate of 13.4% (Source: KPMG).

Indian gold loan market size projection (₹ Billion)



Source: KPMG report, January, 2020

FY19 and FY20 saw gold loan companies aggressively expanding their branch network especially across the northern and eastern states, which was relatively underpenetrated till 2018. Though due to the COVID-19 pandemic impact the AUM growth has hit a roadblock in March, 2020 and is expected to be muted till second quarter of FY21, companies are expected to focus more on optimising their existing asset utilisation and leveraging their existing branch infrastructure to maximise the branch-level AUM and customer outreach in FY21. The main revolution in FY20 has been the onset of online and digital models in the gold loan space. Services such as verification of gold at the customers' doorstep have opened up an untapped market among digitally enabled customers. NBFCs are expected to capture this market faster with quick decision making, faster adoption and better outreach as compared to banks.

More Involvement of Private Sector

The financial sector in India has a very low credit exposure as compared to other developing countries. India's credit-to-GDP level is 51% as compared to 70% in Brazil and 136% in Malaysia. In developing countries, state banks generally comprise the minority rather than the majority of market credit share: closer to 20% versus ~70% currently in India. This trend has taken hold despite the fact that India's gross domestic savings rate, at nearly 30% of GDP, is in line with peer countries. The savings are sufficient, but the system doesn't use them effectively. In order to grow the economy at a faster rate, credit will have to grow at a faster pace while maintaining good credit quality and avoiding excessive risk taking.

Low banking credit penetration points towards a large area without access to PSB banking services, often dependent on informal sources of credit. Government initiatives for financial inclusion and the steady rise of digitisation are expected to create analytics, operational and business synergies for NBFCs and MFIs that can then capture these markets through operationally efficient and cost-effective models.

THREATS

- Sudden regulatory changes or increase in regulatory scrutiny/restrictions may affect the manner in which the current products or services are produced or delivered
- With rapid changes in technology and innovations, companies need to increase its attention towards innovation objectives alongside business growth objectives. With increasing performance expectations related to quality, timings and cost, technological upkeep is very important to keep in line with competitors, especially new competitors that are "born digital" and with a low-cost base for their operations. The risk of disruptive innovations enabled by new and emerging technologies is always present.
- NBFCs are facing stiff competition from new-age FinTechs which have been capturing a greater market share with their technology-heavy low-cost operating models and by setting new standards for customer experience.
- Uncertainty in the global markets, owing to slow growth in the advanced economies and increased strain in certain emerging economies can result in

volatile capital inflows and currency fluctuations. Increased restrictions on migration and global trade could hurt productivity and incomes and take an immediate toll on market sentiment. In Indian context, slow implementation of regulatory reforms and lack of consensus on important legislations can further delay growth.

- Notable risks to global economy include a possible shift towards inward-looking policies and protectionism, a sharper than expected tightening in global financial conditions that could interact with balance sheet weaknesses in parts of the euro area and in some emerging market economies, increased geopolitical tensions, and more trade tensions in the global market

COMPANY OVERVIEW

IIFL Finance Limited (formerly IIFL Holdings Limited) is a leading player in the Indian financial services space. IIFL offers Gold loans, Business loans, Home loans and Microfinance loans through its wide network of branches.

Promoted by first generation entrepreneurs, Mr. Nirmal Jain and Mr. R. Venkataraman, IIFL is backed by number of marquee institutional investors including Fairfax Group and CDC Group Plc. The Company is led by highly qualified and experienced management team who promote a culture of growth, entrepreneurship and innovation among the huge talent pool of more than 18,500 people. IIFL Finance has a strong geographic footprint in India with more than 2,350 business locations.

Founded in 1995 as a research firm, IIFL has consistently innovated, reinvented and adapted itself to the dynamic business environment without losing focus on its domain of financial services. Today, IIFL has diversified into a full range of financial services, serving over 4 million customers across various business segments. IIFL's strong presence across various customer segments (retail and corporate) and wide network encompassing branches, online and mobile platforms help in catering to the financial credit needs of aspiring and growing India.

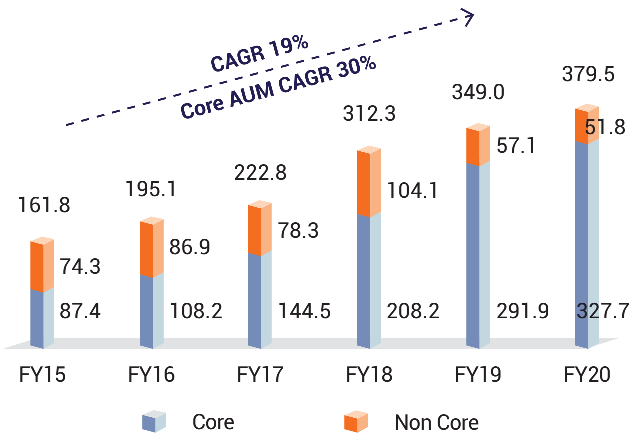
Group Re-organisation

The re-organisation of IIFL Group was effected from May 13, 2019. Pursuant to the same, IIFL Wealth Management Limited and IIFL Securities Limited were demerged from IIFL Holdings Limited. Consequent to IIFL Finance Limited (earlier known as IIFL Holdings Limited) receiving registration as a Non-Banking Financial Company from the Reserve Bank of India (RBI), India Infoline Finance Limited, subsidiary of the Company, was merged with IIFL Finance Limited with effect from March 30, 2020.

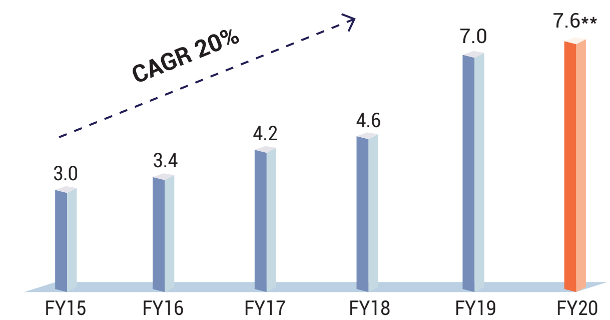
Financial Performance and Operations Review

The Company has continued to diversify its portfolio with a range of products comprising of home loan, business loan, gold loan, micro finance, real estate finance and capital market finance. During the year, AUM has grown by 9%* Y-o-Y to ₹ 379.5 billion. Our total comprehensive income has grown 8%** Y-o-Y to ₹ 7.6 billion (post non-controlling interest).

AUM (₹ Billion)



Total Comprehensive Income (₹ Billion)**



Source:

Liquidity has been stable for us despite the COVID-19 pandemic impacting the last month of FY20. We raised long-term loans to the tune of ₹ 45.5 billion in Q4FY20, out of which ₹ 5.2 billion was raised post March 20, 2020 when the lockdown was initiated. A total of ₹ 94.0 billion long-term loans were raised in FY20. Out of the above, ₹ 28.6 billion was raised via the Company's' maiden medium term note (MTN) programme issue, via the external commercial borrowing route.

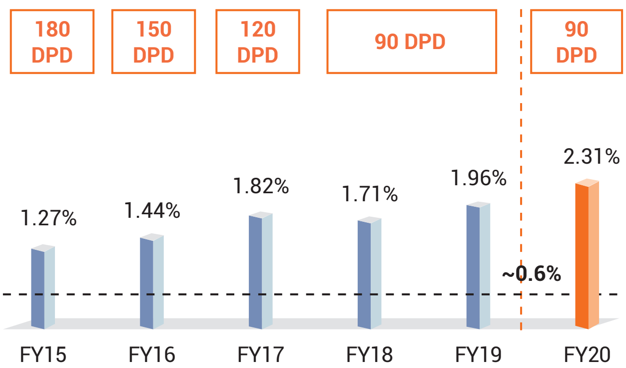
We were also able to assign/securitise assets to the tune of ₹ 130.0 billion in FY20. The acceptance of IIFL Finances' granular retail loan book portfolio across investors is a testimony of its strong underwriting capabilities and strong portfolio quality. Our exposure to commercial paper is now zero. We have undrawn credit lines of ₹ 35 billion as of March 31, 2020. We manage our Asset Liability Mismatch diligently and conservatively, with surplus in all buckets.

Consolidated GNPAs and NNPAs, recognised as per RBI's prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in IndAS, stood at 2.31% and 0.97% of loans respectively. Under Expected Credit Loss provisioning under IndAS, provisioning coverage on NPAs stood at 128%, including standard asset coverage and COVID-19 additional provision. The same, excluding Covid provision of ₹ 2,820 million, stood at 88%.

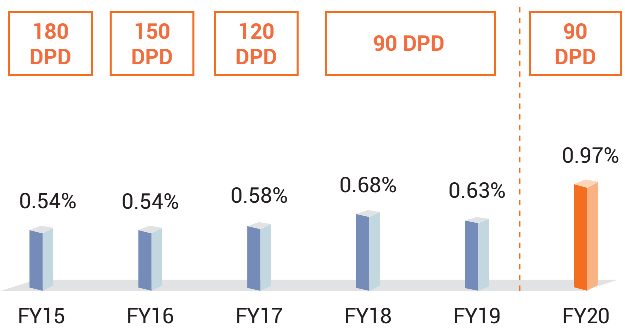
* Excludes CV business AUM of ₹ 39.1 billion in FY19. The business was divested in Q4FY19.

** in FY20, excluding onetime COVID-19 additional provision (₹ 2.1 billion net of tax), exceptional items of reversal of deferred tax asset reversal of ₹ 500 million. Provision for Tax for Q4FY20 includes reinstatement of deferred tax reversal of ₹ 494 million post merger. Corresponding impact has been taken in the previous year. In FY19, excluding exceptional items of gain on slump sale of CV business (₹ 940 million net of tax), goodwill write off (₹ 107 million).

Gross NPA (%)

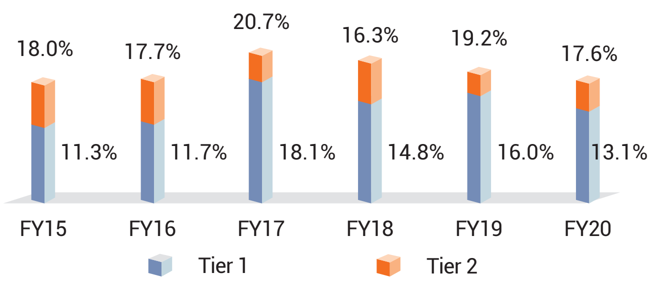


Net NPA (%)



Our Tier-I CAR stands at a healthy 13.1%, whereas the total CAR stands at 17.6%.

Total CAR (%)



The primary drivers of our AUM growth were gold loans, which grew by 47% YoY, Micro-finance loans, which grew by 49% YoY and small ticket home loans which grew by a modest 2% YoY. Our synergistic segments of commercial real estate and Capital Market loans have a declining share in our portfolio.

In home loans, our focus continued to remain primarily on Swaraj loans which are small-ticket loans in affordable home segment to both salaried and self-employed sections with average ticket size of ₹ 1.3 million. Swaraj loans accounted for 39% of our home loan disbursements in FY20. Our Swaraj product is especially designed to support the informal income segment in fulfilling their dream of owning a house.

As on March 31, 2020, we had over 11,000 approved housing projects, up nearly 1.2x from over 9,000 approved projects a year ago. 53% of home loans were made through these approved projects. We expect that this approach will reduce our operating and credit costs going forward.

IIFL Home Finance has been a significant player in PMAY-CLSS. Till date it has benefited over 38,300 customers and disbursed subsidies of more than ₹ 9 billion

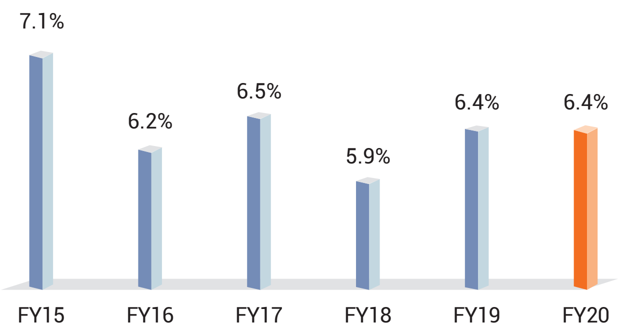
In the near term, we plan to leverage our existing branches more and undertake further innovations in our digital processes to grow a granular book and ensure healthy portfolio quality. Retail loans, including consumer loans and small business finance constitute about 88% of our loan book.

Another strong characteristic of our loan book is the large proportion of loans that are compliant with RBI's priority sector lending norms. About 63% of our Home loan, 48% of Business Loans and nearly all of our MFI loans are PSL compliant. In aggregate, nearly 43% of our loans are PSL compliant.

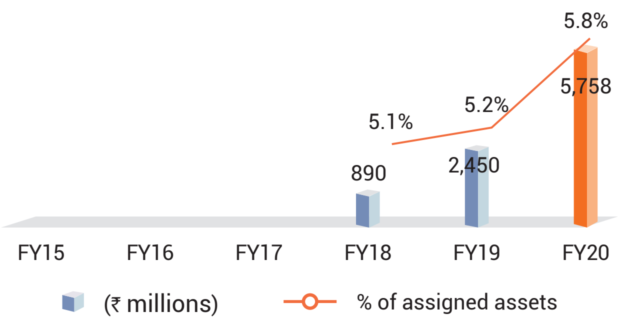
The large share of retail and PSL compliant loans are of significant value in the current environment where we can sell-down these loans to raise long-term resources. The share of loans sold down was 26% of total AUM as on March 31, 2020.

NIM on Balance Sheet assets for FY20 stood at 6.4% and NIM on assigned assets for FY20 stood at 5.8%

NIM on B/S Assets (%)

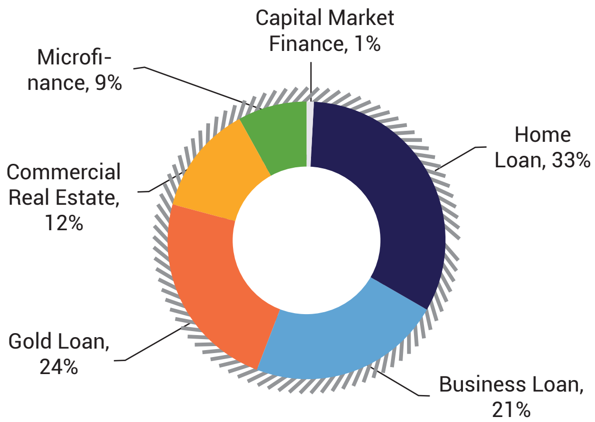


Income on Assigned Assets



Medium and high yielding assets currently constitute 53% of our AUM. These include Micro-finance loans, small ticket MSME loans, Gold loans, and Construction Finance loans. The other half of AUM consists of relatively low yielding assets including home loans, LAP and capital market loans.

AUM break-up (%)

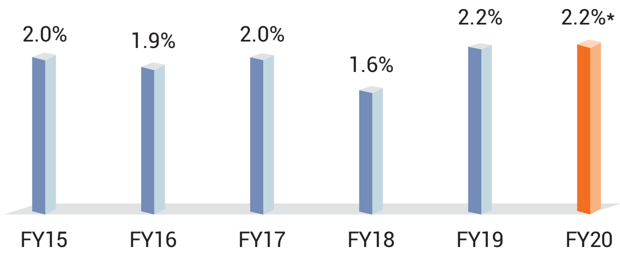


83% of our AUM comprises loans that are secured and about 17% of loans are unsecured. We believe our AUM mix is well balanced.

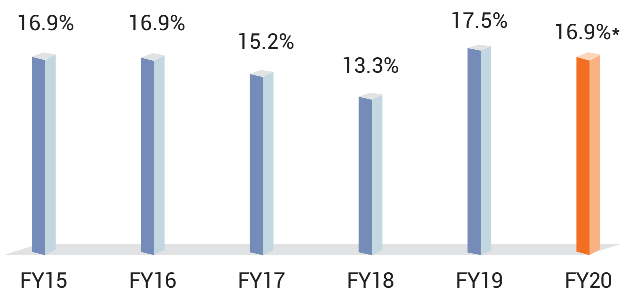
We currently have 2,377 branches, primarily for our HFC, Gold and Micro-finance businesses.

Return on assets for FY20 was at 2.2% and return on equity at 16.9%. Return on equity for FY19 was at 17.5%. It has majorly decreased in FY20 due to a modest TCI growth at 8% as compared to net worth growth of 9% YoY.

Return on Assets (%)



Return on Equity (%)



We have continued our focus on digitisation encompassing every aspect of customer loan journey. We have focused on backend process digitisation through multiple innovations as well as partnerships, helping us achieve process efficiencies. IIFL Loans app had 622,000 downloads as at March 2020, with 145K average active users at any point of time. The application has received 1000+ positive reviews on iOS and 1500+ reviews on Android. In analytics, we continue to drive the use of credit scores and automated decisioning across products, and strengthened our risk mitigation processes by developing and deploying behavioural, collection and fraud score-cards. There is continued focus on cross-sell and win-back, with our analytically driven 'Gold Loan win-back' generating strong volumes for both Gold business as well as group-wide products.

*Excludes exceptional items

SEGMENT-WISE PERFORMANCE

Gold Loan

The organised gold loan market in India consists of only 35% of the overall Indian Gold loan market. It is expected to reach ₹ 4,617 billion at a CAGR of 13.4% by 2022 (Source: KPMG). Two-thirds of India's gold demand comes from villages, where jewellery is traditionally used for investment. India, along with China, is among the world's largest gold consumer.

NBFCs have been a major driving force behind the growth of the organised gold loan market given their extensive network, faster turnaround time and the ability to serve non-bankable customers. A better economic environment will also drive funding needs of small businesses, which will further boost demand for gold loans.

Business Overview

IIFL Finance offers loan against gold jewellery to small businessmen, vendors, traders, farmers and salaried people at competitive rates, minimum documentation and fast turnaround time. The Company follows a strong verification process and our officers are experienced, certified and trained in asset quality practices. Further, the gold ornaments pledged with us are safely stored in fire-proof and burglary-proof vaults in our gold loan branches, which are under electronic surveillance at all times.

FY20 Under Review

The company's major focus was to increase profitability and operational efficiency along with tightening of our risk framework. It is because of our continued investments in digitisation that helped us in providing enhanced customer experience and reduced turnaround time. We also laid strong emphasis on collections and resolutions resulting in negligible losses. Our gold loan AUM grew at a healthy rate of 47% y-o-y in FY20.

Outlook

We expect gold loan industry to exhibit moderate growth in FY21 despite the COVID-19 pandemic impact. We are we well placed to capitalise on this existing opportunity. We also plan to reap on the benefits of digital capabilities built during the past year and bring in cost optimisation by going completely paperless.

MSME & Others

Traditionally, SMEs have remained a financially unorganised sector. The operations and ownership of such businesses have remained confined to the family or a small group of associates. The credit gap in the SME segment has been very high in India. MSME sector accounts for 29% of India's GDP as on FY19, the MSME sector comprises 63.3 million enterprises and employs nearly 110 million of India's population across rural and urban areas (Source: Pwc Report). Given its contribution to the economy, the sector is a critical growth engine for the 2024 milestone. With increasing synergy between banks and NBFCs on account of co-origination, assignment etc., the future remains very positive to explore the MSME lending space.

Business Overview

Under business loans, IIFL offers various products such as – small ticket Insta loans, cash flow backed business loans and loans against POS Swipes. Our focus is to create a significant position in the rapidly growing low ticket and high yielding MSME segment. We have been providing financial solutions to MSMEs by using technology as an enabler and deliver faster turnaround time to ensure customer satisfaction. We have also e-integrated with all our partners for seamless end-to-end process.

FY20 Under Review

The Company continued to leverage its customised product offerings like Emergency personal loan during lockdown under Covid-19 scheme, Scheme against GST return to help people who are regular in filing GST returns, funding to retailers against POS swipe machines to encourage digital medium of payment and strengthened its sales as well as support team. Investments in technology and partnerships during the year have helped in achieving operating efficiency. As a part of robust risk framework and to achieve operational efficiency, strong and prudent credit underwriting practices were balanced with instant in-principal decision and automated disbursements based on analytical scorecards.

Outlook

The company will continue to target the under-served MSME segment that lack adequate financial facilities due to small loan ticket sizes, difficulties in credit evaluation, distribution etc while focusing on proprietary underwriting methods. We will focus on enhancing customer experiences by providing seamless and integrated services throughout the customer life-cycle.

Mortgage Loans

A burgeoning middle class, rising disposable income and support from the government in terms of interest rate subsidy as well as tax reliefs have increased the affordability of homes in Asia's third-largest economy. The current government has viewed housing as the core of its economic policy and announced various schemes and policies to increase home ownership. It has been realised that in addition to its social aspects, housing is also a key driver of economic growth with its ability to create employment and its linkages to multiple other sectors. The home loans segment in India, the largest business segment for NBFCs (incl. HFCs), grew by ~2% in FY20 (Source: Brickworks).

Business Overview

The company provides loans for purchase of residential property, home construction, home improvement, and plot loans. It also offers a range of loans backed by mortgage of residential or commercial properties to small & medium enterprises for working capital requirements, business use, purchase of commercial property and other similar purposes. IIFL has in place a robust platform to undertake necessary checks regarding the borrowers' credit background, and to conduct legal and technical security evaluation. It leverages on external as well as internal appraisal of properties, including valuations by international property consultants for large mortgage loans.

FY20 Under Review

IIFL believes in "Housing for all" mission of the government and is actively participating in their initiatives – mainly the credit linked subsidy scheme. The company is also looking forward to build associations with various state housing boards as a key loan partner for affordable housing projects.

The company has expanded its reach in Tier 2 areas and plans to leverage group company network of 1000+ touch points to increase our presence. The company has also started sourcing all its Home loans to salaried customers through tablet and in the coming year all home loans will be sourced digitally.

Outlook

Despite the slowdown caused by the COVID-19 pandemic, it is expected that businesses will pick up in the second half of FY21. Co-lending and securitisation are going to remain the catalyst of the next fiscal to boost home loan growth trajectory. HFCs are expected to grow at 6% in FY21 (Source: India Ratings). Government measures such as partial credit guarantee scheme, onward lending etc. will improve liquidity and enable NBFCs (incl. HFCs) to better manage their asset-liability profile. The company expects the growth to sustain by focusing on affordable housing, investments in technological infrastructure and prudent risk management.

Microfinance

With a significant portion of its population in the low-income band, India represents a huge opportunity for the microfinance sector. Though government schemes and established financial institutions have enhanced access to microcredit for nearly two third of the Indian population living in rural areas, only 34% of the districts with microfinance presence contribute 80% of the portfolio (Source: PwC). This shows the significant geographic concentration of MFIs within a few districts of the country and indicates the potential for achieving higher microfinance penetration.

Business Overview

IIFL Finance offers micro loans, credit linked insurance, group based savings accounts to empower communities. It consists of high-yielding granular portfolio dominated by Self Help Groups (SHGs) of women for income generating activities.

FY20 Under Review

IIFL Finance MFI segment continued its growth trajectory in FY20 with a healthy AUM growth of 49% y-o-y. The focus was more on increasing on efficiency and productivity by leveraging the existing branch outreach. We opened less number of branches as compared to past years and focused more on increasing customer base across all the branches. We crossed 1.5 million customer mark with a branch strength of 561 in 17 states as of March 31, 2020.

Outlook

The MFI segment is expected to slowly pick up pace with the lockdown being relaxed in many parts of the nation in the first quarter of FY21. This segment is a very crucial component in India to achieve its goal of financial inclusion. Microfinance market in India remains substantially underpenetrated as compared to top markets globally. The Company will be focusing on geographies which still relatively low concentration of microfinance, by leveraging our existing branch networks.

RISK MANAGEMENT & GOVERNANCE

Risk management is a key element of IIFL's business strategy and is integrated seamlessly across all of its business operations. The objective of IIFL's risk management process is to optimise the risk-return equation and ensure meticulous compliance with all extant laws, rules, and regulations applicable to all its business activities.

IIFL seeks to foster a strong and disciplined risk management culture across all of its business activities and at all levels of employees. IIFL takes a holistic view of risk management and undertakes an enterprise-wide risk management approach under the Enterprise Risk Management (ERM) Framework. IIFL believes that ERM provides a sound foundation to ensure that the risk-taking activities across the Company are in line with the business strategy, the risk appetite approved by the Board and regulatory requirements.

The Company operates primarily in the financial services space. IIFL Finance Limited is an NBFC registered with RBI, and the housing finance subsidiary namely India Infoline Housing Finance Limited is registered with National Housing Bank.

Your company adopts the 'three lines-of-defence' model wherein management control at the business entity level is the first line of defence in risk management. Various risk control and compliance oversight functions, established by the management are the second line of defence. Finally, the third line comprises the internal audit/ assurance function.

The compliance function forms a critical part of the Company's operations. IIFL's experienced compliance and audit and risk management teams play a vital role in ensuring that rules and regulations are strictly followed in all processes, not just in letter but also in spirit. The risk management discipline is centrally initiated but implemented at across the Company. Each of the main businesses viz. NBFC, HFC and MFI, have a dedicated risk management teams in place.

IIFL has adopted digital initiatives in all its key businesses, starting with loans and credit as well as customer service, internal operations and HR. Digitisation helps in growing business faster and to achieve critical mass and further grow exponentially using Do-It-Yourself model in a seamless manner with the cutting edge technology with minimum physical infrastructure and manpower. Digitisation ensures less human intervention and superior customer service. Moreover, technology vastly eliminates the scope for any fraud, omission, and commission of errors.

The diversified financial services at IIFL are exposed to various risks that are either inherent to the business or exposed to the changes in external environment. In order to maintain financial soundness of the Company, it seeks to promote a strong risk culture throughout the organisation. All major risk classes viz Credit Risk, Liquidity Risk, Finance Risk, Fraud Risk, Business Risk and Reputational Risk are managed via well-defined risk management processes. It is this strong risk culture that enables operational throughput even during times of Covid-19 pandemic. Additionally, we would continue to strengthen our risk infrastructure based on our learnings during the lockdown.

Risk	Risk Response Strategies
Credit, Liquidity and Finance Risk	• IIFL has a separate multi-level Credit and Investment Committee, consisting of Directors of the Board / Head of the Departments, for IIFL Finance Limited and India Infoline Housing Finance Limited, to consider medium to large credit proposals. However, smaller proposals are decided at appropriate level as per the approval matrix. • The Group has in place Risk Management Committee and Asset Liability Management Committee (ALCO), consisting of Directors and senior officials. They regularly meet and review the policies, systems, controls, and positions of the financing business. The Risk Management Committee reviews the risk management processes, covering credit and underwriting controls, operations, technology and compliance risks. • Also in place are product specific lending policies, credit approval committees and regular monitoring of exposures. • In the housing finance business, every policy and procedure is approved jointly by CEO, CRO and policy head in consultation with concerned functional heads.
Technology Risk	• Management periodically reviews various technology risks such as protecting sensitive customer data, identity theft, cybercrimes, data leakage, business continuity, access controls, etc. • Company has put in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting. • Audit logs are reviewed for any anomalies and pattern deviations on a periodic basis • Company has implemented tools for mitigating various security risks - restriction of tool access, mobile device management and secured internet access.

Risk	Risk Response Strategies
Compliance Risk	• The Company has a full-fledged compliance department manned by knowledgeable and well-experienced professionals in compliance, corporate, legal and audit functions. The department guides the businesses/support functions on all regulatory compliances and monitors implementation of extant regulations/circulars, ensuring all the regulatory compliances, governance and reporting of the Company. • The Company has implemented business-specific Compliance Manuals, limit monitoring systems and AML/ KYC policies. • In the year, compliance with corporate acts, including Companies Act, RBI-NBFC regulations, NHB-HFC regulations and so on was verified by independent secretarial auditors on the holding company and major subsidiaries, during the year. Their reports and recommendations were considered by the Board and necessary implementations have been initiated. • The compliance requirements across various service points have been communicated comprehensively to all through compliance manuals and circulars. To ensure complete involvement in the compliance process, reporting processes have been instituted by heads of all businesses/ zones/area offices and departments, through submission of quarterly compliance reports. The compilations of these reports are reviewed by the Audit Committee/Board and are also submitted to regulatory authorities, periodically. Besides, the internal auditors verify the compliances as part of their audit process.

HUMAN RESOURCES

IIFL's human resource department is aligned with business strategy, implement digital solutions, and build a strong culture of transparency and service orientation within the organisation. The Company continued to put in place people-friendly policies and practices in the past year and continues to focus on adopting best practices for its HR policies.

Strong Management Team

The Company continues to attract professional and experienced talent from various sectors including, BFSI, Technology, Software and Start-ups. This has created a transparent, meritocratic and performance driven culture. With the right leadership at the helm, we are able to attract and create a professional team driven by a sense of purpose.

Training & Development

Technology led interventions form the core of our employee, channel and customer learning journeys at IIFL. Through ***'MoneyVersity'*** – our Learning Experience Platform, we have been able to enhance our stakeholder learning experience, beyond proprietary learning content, but also get them exposed to a larger and wider access to national and international content of quality. Learning now is not just limited to pure functional or technical content, but extends beyond to areas such as Covid -19 Impact, Health & Wellness, Leadership stories and Insights, Women centric specific learning events, Motivational videos, Sales Enables, Personality Development etc. This is powered through leveraging the capability of Artificial Intelligence, thereby positioning learning as a truly enjoyable, timely and need based solution. Learning Industry recognition received from ***Tata Institute of Social Science (TISS)*** for our **Best Digital On The Job Training program,** hold as accredited validations for our unique learning digitization efforts.

Fast Track Career Path

In line with our meritocratic culture we have introduced the 'Role Elevation Panel Process' to fast track careers of high-performers through a fair and transparent panel process. This has encouraged employees to perform their best and grow rapidly in their career within the organisation.

Special fast track program was formulated for the recognised high potential employees. These include program towards honing their skills and competencies, special learning and development initiatives which will enable them to meet their career aspirations within the organisation.

Employee Engagement

IIFL believes in engaging its work force and grooming them to become leaders of tomorrow. We have participated and received certification by "Great Place to work" survey that studies the work culture. According to GPTW survey a great workplace culture is a High-Trust, High-Performance Culture. A great workplace is one where employees TRUST the people they work for, take PRIDE in what they do, and ENJOY (Camaraderie) the Company of the people they work with. Such organisations are characterised by great leadership, consistent employee experience, and sustainable financial performance.

The certification represents the most definitive employer-of-choice and workplace quality recognition that any organisation can receive

We also use Workplace as a creative and robust communication platform that serves multipurpose as employees are able to communicate business information, posts relevant articles news and photographs, conduct polls and surveys to actively engage on this platform which proves to be a quicker and interesting way of communication

Monthly, Quarterly and Annual Rewards and Recognition programs are conducted to not only appreciate the exemplary contributions of performing employees, but also to make it aspirational for the others to leverage their potential.

Other engaging events like sports, cultural and festive celebrations, contests, etc. are regularly conducted which enable employees to de-stress, improve team bonding and bring about a new spurt of exuberance within the employees.

Encouraging Performance

IIFL, as an organisation, holds performance and potential to determine employee growth and promotions. Individual Performance Measures (IPMs) for employees is IIFL's very own way of setting expectations across clearly demarcated parameters. Thereafter an effective feedback mechanism from time to time helps the employees to improve their skills. This helps in alignment of the organisational objectives and employees personal goals. An effective PMS helped Company in recognition and rewarding people's performance.

Technology Enablement

The Company uses Adrenalin as a one stop employee interface for all their human resources related requirements. This system is easily accessible 24X7 through intranet and as a mobile app.

Apart the yearly survey regular connect with employees is enabled via adoption of an AI Bot to chat with employees during their service completion years in the organisation to understand their work experience , seek their feedback and suggestions, with an aim of creating a more conducive work environment.

Management Connect

Considering the importance of management interaction, our Chairman has a periodic live connect session "**Ask Nirmal"** with all employees through Facebook @ Work. During this session the management discusses the Company overview, goals and future plans, opportunities and challenges etc. The sessions are also opened to live questions from employees which are answered by the management. These sessions have enabled all employees to be aligned with the Company's vision, get clarification or bring to the management's notice any concerns and helped enhance management connect across hierarchy. The Top 10 Performing employees across all business are announced on this forum by the Chairman for their significant contributions during the previous month.

Business Heads too conduct regular Town halls @Workplace which enables them to connect with all their employees at one go and set their business expectations. This is apart from their frequent interactions with their team during the monthly and quarterly reviews. Business suggestions are accepted from all the employees and the feasibility of these suggestions are discussed during the Town hall

As on March 31, 2020 the Company has a strong workforce of 18,569 employees.

INTERNAL CONTROLS

The Company's internal audit is conducted as per the Annual Audit Plan approved by the Audit Committee. The scope of internal audit covers all aspects of business including regular front-end and back-end operations and internal compliances. It lays emphasis to check on process controls, measures undertaken by the Company to monitor risk and to check on leakages or frauds. The Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of business, regulatory prescriptions and the size of its operations. Moreover, the Company is ISO/IEC 27001:2013 certified and also implemented effective information security processes reinforcing our commitment to provide robust and secure technology for all our customers.

The internal control system is supplemented by concurrent and internal audits, as well as special audits and regular reviews by the management. For Company-wide internal audits, the Company has distributed the audit of major businesses to separate top audit firms to have wider and heterogeneous verification approach and inputs, and derive larger value from the audit process. In this regard, the Company has in place KPMG for NBFC, HFC and MFI businesses.

The Company has put in place enhanced risk based supervision systems and ensures continuous monitoring. The Company has an internal team of audit professionals at its head office in Mumbai, supported by regional teams at zonal offices. The Company has in place separate internal audit teams dedicated for major business verticals i.e., NBFC, HFC and MFI. The internal team undertakes special situation audits and follows up on implementation of internal auditors' recommendations and action taken reports. In addition, the Company complies with several specific audits mandated by regulatory authorities such as SEBI / Exchanges / Depositories, and the reports are periodically submitted to the regulators.

The Board/Audit Committee reviews the overall risk management framework and the adequacy of internal controls instituted by the management team. The Audit Committee reviews major instances of fraud on a quarterly basis and actions are taken on the same. It also focuses on the implementation of the necessary systems and controls to strengthen the system and prevent such recurrence. The internal processes have been designed to ensure adequate checks and balances, regulatory compliances at every stage. Internal audit team carries out a risk-based audit of these processes to provide assurance on the adequacy and effectiveness of internal controls for prevention, detection, reporting and remediation of frauds.

INTERNAL FINANCIAL CONTROLS

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.

OUTLOOK

The outlook for Indian economy remains optimistic in the long run as compared to the global economy, which is expected to contract. The output loss on account of the health emergency and related containment measures is mainly expected to impact the first half of the FY21. If the pandemic subsides and domestic demand picks up in the second half, growth trajectory can be resumed in the second half of FY21, restoring back consumer and investor confidence. The weakness in global growth rules out the possibility of pick up in Indian exports and the government will have to rely on internal consumption and investment to drive growth. That said, weak global growth should keep commodity prices in check which in turn will keep domestic inflation and current account deficit under control. Survival and resumption of MSMEs is of utmost importance for growth revival. The angst against China's handling of the overall pandemic also offers a big opportunity to India in terms of becoming the manufacturing hub for market leaders in electronics and communications.

Our company in past few years has made substantial investments in people, processes and technology and continues to focus on delivering steady performance. We are cognisant of the changes in the financial services sector and well prepared to overcome challenges and sustain performance.

For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

Nirmal Jain
Chairman
(DIN: 00010535)

Date: June 07, 2020
Place: Mumbai

Independent Auditor's Report

To The Members of IIFL Finance Limited (Formerly known as IIFL Holdings Limited)

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying standalone financial statements of **IIFL Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of 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 standalone 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

EMPHASIS OF MATTER

- We draw attention Note No.38 to the Standalone Financial Statements which describes the reasons for implementation of the composite scheme of arrangement amongst the Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"), in Parts, based on the legal opinion obtained by the Company. The Scheme has been approved by the National Company Law Tribunal vide its order dated March 07, 2019 and filed with the Registrar of Companies on April 11, 2019.

  Subsequent to the receipt of certificate of registration by the Company for carrying on business of non-banking financial institution from the Reserve bank of India on March 11, 2020, the said Scheme has been refiled with Registrar of Companies on March 30, 2020 to give effect to the final part of the Scheme.

Our report is not modified in respect of this matter.

- We draw attention to Note 8.3 to the Standalone Financial Statements, which fully describes that the Company has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the 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 judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Impairment of Financial Assets held at amortised cost:** The Company exercises significant judgement using subjective 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 most significant areas are: • Impairment models: - Judgement is required to determine the inputs, methodologies, staging/restaging in case of Significant Increase in Credit Risk ("SICR") cases and assumptions and these can significantly impact the provisions held. The most significant judgements include the segmentation level at which historical loss rates are calculated, the length of the recovery period and the loss emergence period applied to historical loss provisions. • Identification of impairment: - Corporate exposures are individually assessed for impairment (including identification of cases with SICR) based on a borrower's financial performance, solvency, liquidity etc. - For Retail exposures, collective impairment allowances are calculated using models which approximate credit conditions on homogenous portfolios of loans. • 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. Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in Indian Accounting Standard (IND AS) 109 and determining related impairment provision requirements, this is considered to be the area that had a greater focus of our overall Company audit and a key audit matter. As at March 31, 2020, the Company's total exposure at default for loans and advances amounted to ₹ 1,52,942.83 million and the related impairment provisions amounted to ₹ 7,432.40 million, comprising ₹ 3,140.99 million of provision against Stage 1 and 2 exposures and ₹ 4,291.41 million against exposures classified under Stage 3. Refer Note 36A.3 to the Financial Statements.	**Principal audit procedure performed** • We read the Company's Ind-AS 109 based impairment provisioning policy ; • We gained an understanding of the Company's key credit processes comprising granting, booking, monitoring, staging and provisioning and tested the operating effectiveness of key controls over these processes; • We tested the completeness of loans and advances, off balance sheet items and other financial assets included in the Expected Credit Loss (ECL) calculations as of 31 March 2020; • For data from external sources, we understood the process of choosing such data, its relevance for the Company, and the controls and governance over such data; • Where relevant, we used Information System specialists to gain comfort on data integrity; • We tested the data integrity and completeness of the Staging Report; • For a sample of exposures, we tested the appropriateness of staging into Stage 1, Stage 2 and Stage 3; • For provision against exposures classified as Stage 1, Stage 2 and Stage 3, we obtained an understanding of the Company's provisioning methodology, consistency of various inputs and assumptions used, the reasonableness of the underlying assumptions and the sufficiency of the data used by the Management; • For a sample of exposures, we tested the appropriateness of determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages;

Sr. No.	Key Audit Matter	Auditor's Response
		• For a sample of exposures, we tested the appropriateness of determining Exposure at Default (EAD); • For a sample of exposures, we tested the calculation of the Probability of Default (PD) and the Loss Given Default (LGD) used in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations; • We assessed the appropriateness of the calculation of the management overlay in response to COVID 19 related economic uncertainty. • We performed an overall 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.
2	**Information Technology and General Controls** The Company is highly dependent on technology due to significant number of transactions that are processed electronically daily. Accordingly, our audit procedures had a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included Access Security (including controls over privileged access), Program Change controls and Network Operations. Absence of segregation of duties may result in a risk of intended or unintended manipulation of data that could have a material effect on the completeness and accuracy of the financial statements. Due to the pervasive nature and use of IT systems, we continued to assess the risk of a material misstatement arising from access to technology as a significant matter for the audit.	**Principal audit procedure performed** For the key IT systems used to prepare accounting and financial information: • 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. Furthermore, we conducted a risk assessment and identified IT applications, databases and operating systems that are relevant to our audit; • We tested the design, implementation and operating effectiveness of the Company's General IT controls over the information systems that are critical to financial reporting. This included evaluation of Company's controls to ensure that access was provisioned / modified based on duly approved requests, access for exit cases was revoked in a timely manner and access of all users was re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users.

Sr. No.	Key Audit Matter	Auditor's Response
		• We tested the controls to ensure that segregation of duties was monitored and conflicting access was either removed or mapped to mitigating controls, which were documented and tested. • We tested the controls over network segmentation, restriction of remote access to the Company's network, controls over firewall configurations and mechanisms implemented by the Company to prevent, detect and respond to network security incidents. • We also tested automated business cycle controls and report logic for system generated reports relevant to the audit, for completeness and accuracy. Where deficiencies were identified, we tested compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would impact the completeness and accuracy of data.
3	**Accounting for Composite Scheme of Arrangement** On January 31, 2018, the Board of Directors of the Company approved the draft composite scheme of arrangement amongst the Company, India Infoline Media & Research Services Limited, India Infoline Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited and their respective shareholders ("Scheme") under sections 230 -232 and other applicable provisions of the Companies Act 2013. The Company received shareholders' approval on December 12, 2018. Further, the Company received the National Company Law Tribunal (NCLT), Mumbai approval on March 7, 2019 and filed the scheme with the Registrar of Companies (ROC), Mumbai on April 11, 2019. As at the date of filing of the Scheme with the ROC, the Company had not received the final approval from the Reserve Bank of India (RBI) for transfer of Non-Banking Finance Company (NBFC) business license from India Infoline Finance Limited to the Company and had requested the ROC to permit refiling of the Scheme after receipt of all the approvals. On March 11, 2020, the Company received the fresh certification of registration to carry on business of Non-Banking Financial Institution without accepting Public Deposits, from the Reserve Bank of India and refiled the Scheme with the ROC, Mumbai on March 30, 2020.	**Principal audit procedure performed:** - We obtained and read the Composite Scheme of Arrangement under sections 230 and 232 and other applicable provisions of the Companies Act, 2013. - We obtained and read the NCLT order March 7, 2019 approving the scheme. - We obtained and read the letter dated April 11, 2019 filed with the ROC. - We obtained and read the certificate of registration to carry on business of Non-Banking Financial Institution without accepting Public Deposits issued by the RBI to the Company on March 11, 2020 - We obtained and read the letter dated March 30, 2020 filed with the ROC. - We evaluated the management's conclusions on the accounting for the amalgamation of India Infoline Finance Limited with the Company. - We performed procedures to verify the merger accounting done by the Company, including their measurement and presentation in accordance with IND AS 103 and the Scheme.

Sr. No.	Key Audit Matter	Auditor's Response
	The Committee of the Board of Directors of the Company, in their meeting held on March 30, 2020 decided to give effect to Part V of the Scheme dealing with Amalgamation of India Infoline Finance Limited with the Company with effect from March 30, 2020 with the appointed date being April 1, 2018. Accounting for Composite Scheme of Arrangement is considered to be a key audit matter because the transaction and its accounting is non-routine and involves significant management judgements. Refer note 38 of the standalone financial statements.	

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis report, but does not include the standalone financial statements and our auditor's report thereon. The Director's report and Management Discussion and Analysis report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone 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 standalone 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 standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Director's report and Management Discussion and Analysis report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is 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.

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability 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 standalone 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.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the standalone financial statements.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report , to the extent applicable 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.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 standalone 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. Also refer note 21.1 of the standalone financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

PALLAVI A. GORAKSHAKAR
(Partner)
(Membership No.105035)
UDIN: 20105035AAAACY1649

Place: **Mumbai**
Date: 07 June 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **IIFL Finance Limited (Formerly known as IIFL Holdings Limited)** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

PALLAVI A. GORAKSHAKAR
(Partner)
(Membership No.105035)
UDIN: 20105035AAAACY1649

Place: **Mumbai**
Date: 07 June 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The Company has a program of verification of fixed assets to cover all the items at major locations in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no physical verification has been conducted by the management during the year.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(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) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) The Company is a registered non-banking finance company to which the provisions of Sections 185 and 186 of the Companies Act, 2013, are not applicable, and hence reporting under clause (iv) of CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities. We are informed that the provisions of Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Services Tax and Professional Tax which have not been deposited as on 31 March 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (₹ in Million)	Amount Deposited under protest (₹ in Million)
Income Tax Act, 1961	Income Tax	Bombay High Court	AY 2008-09	-	21.97
Income Tax Act, 1961	Income Tax	Bombay High Court	AY 2009-10	-	18.70
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2010-11	21.95	42.63
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2011-12	25.39	17.12
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2012-13	80.28	42.44
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2013-14	9.64	42.61
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2016-17	76.84	-
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2017-18	58.50	1.73
Income Tax Act, 1961	Income Tax	ITAT	AY 2012-13	-	7.07
Income Tax Act, 1961	Income Tax	ITAT	AY 2013-14	-	8.41
Income Tax Act, 1961	Income Tax	ITAT	AY 2014-15	-	1.90
Income Tax Act, 1961	Income Tax	ITAT	AY 2016-17	-	13.95
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2017-18	-	48.63
The Finance Act, 1994	Service Tax	Adjudicating Authority	Apr 2007 - Mar 2012	1.10	0.04
The Finance Act, 1994	Service Tax	CESTAT Mumbai	April 2007 to 13 May 2008	57.94	2.15
The Finance Act, 1994	Service Tax	CESTAT Mumbai	July 2012 to March 2014	86.97	3.39
The Finance Act, 1994	Service Tax	CESTAT Mumbai	July 2012 to March 2014	177.08	13.34
The Finance Act, 1994	Professional Tax	Commissioner Appeals	F.Y 2007-08	1.09	0.47

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders, except in one case where there was a delay in payment of an instalment due to Andhra Bank Limited towards term loan facility availed by the Company.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

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

(xi) In our opinion and according to the information and explanations given to us, 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 Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

PALLAVI A. GORAKSHAKAR
(Partner)
(Membership No.105035)
UDIN: 20105035AAAACY1649

Place: **Mumbai**
Date: 07 June 2020

IIFL FINANCE

Standalone Balance Sheet

As at March 31, 2020

(₹ in Millions)

Particulars			Notes	As at March 31, 2020	As at March 31, 2019 (See Note 38)
ASSETS					
[1]	**Financial assets**				
	(a)	Cash and cash equivalents	4	6,062.71	4,147.30
	(b)	Bank balance other than (a) above	5	10,444.00	10,049.99
	(c)	Derivative financial instruments	6	2,405.21	-
	(d)	Receivables			
		(i) Trade receivables	7	96.21	76.73
		(ii) Other receivables	7	-	20,177.78
	(e)	Loans	8	142,318.62	121,703.87
	(f)	Investments	9	19,585.47	13,052.71
	(g)	Other financial assets	10	1,640.27	838.99
				182,552.49	**170,047.37**
[2]	**Non-financial assets**				
	(a)	Current tax assets (net)		1,946.04	1,465.75
	(b)	Deferred tax assets (net)	11	2,028.08	2,581.97
	(c)	Investment property	12	2,030.24	2,634.27
	(d)	Property, plant and equipment	13	1,012.00	886.19
	(e)	Capital work-in-progress		24.94	60.21
	(f)	Right of-use assets	14	2,486.56	-
	(g)	Other intangible assets	15	6.39	15.25
	(h)	Other non-financial assets	16	1,534.09	261.10
				11,068.34	**7,904.74**
Total assets				**193,620.83**	**177,952.11**
LIABILITIES AND EQUITY					
Liabilities					
[1]	**Financial liabilities**				
	(a)	Derivative financial instruments	6	267.63	6.59
	(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	17	522.80	531.52
		(II) Other payables			
		(i) total outstanding dues of micro enterprises and small enterprises		-	-
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
	(c)	Finance lease obligation	14	2,613.31	-
	(d)	Debt securities	18	56,683.86	72,116.68
	(e)	Borrowings (other than debt securities)	19	69,183.51	49,594.14
	(f)	Subordinated liabilities	20	15,555.02	8,600.32
	(g)	Other financial liabilities	21	11,698.97	10,404.14
				156,525.10	**141,253.39**
[2]	**Non-financial liabilities**				
	(a)	Current tax liabilities (net)		180.42	303.55
	(b)	Provisions	22	376.29	432.39
	(c)	Other non-financial liabilities	23	460.94	539.21
				1,017.65	**1,275.15**
Total Liabilities				**157,542.75**	**142,528.54**
[3]	**Equity**				
	(a)	Equity share capital	24	756.68	638.41
	(b)	Incremental shares pending issuance	24	-	117.31
	(c)	Other equity	24.1	35,321.40	34,667.85
				36,078.08	**35,423.57**
Total Liabilities and Equity				**193,620.83**	**177,952.11**
See accompanying notes forming part of the financial statements			1 - 55		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place: Mumbai
Dated: June 7, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Place: Mumbai
Dated: May 28, 2020

Standalone Statement of Profit and Loss

As at March 31, 2020

(₹ in Millions)

Sr. No	Particulars	Notes	As at March 31, 2020	As at March 31, 2019 (See Note 38)
Revenue from operations				
(i)	Interest income	25.1	25,160.42	28,123.64
(ii)	Dividend income	25.2	441.81	841.25
(iii)	Fees and commission income		480.78	568.46
(iv)	Net gain on fair value changes		-	-
(v)	Net gain on derecognition of financial instruments under amortised cost category		-	-
(I)	**Total revenue from operations**		**26,083.01**	**29,533.35**
(II)	**Other income**	27	215.79	92.57
(III)	**Total Income (I+II)**		**26,298.80**	**29,625.92**
Expenses				
(i)	Finance costs	28	12,444.95	13,651.84
(ii)	Net loss on fair value changes	26	943.69	166.00
(iii)	Net loss on derecognition of financial instruments under amortised cost category	29	3,110.83	2,950.56
(iv)	Impairment on financial instruments	30	(676.27)	11.59
(v)	Employee benefits expenses	31	4,407.39	4,156.11
(vi)	Depreciation, amortisation and impairment	13, 14 & 15	894.09	241.05
(vii)	Other expenses	32	2,853.83	3,371.88
(IV)	**Total Expenses (IV)**		**23,978.51**	**24,549.03**
(V)	**Profit before exceptional items and tax (III-IV)**		**2,320.29**	**5,076.89**
(VI)	Exceptional items	33	46.06	1,153.30
(VII)	**Profit before tax (V +VI)**		**2,366.35**	**6,230.19**
(VIII)	**Tax expense:**			
	(1) Current tax	34	419.33	1,258.27
	(2) Deferred tax	11 & 34	98.60	450.30
	(3) Current tax expenses relating to previous years	34	(20.69)	11.37
Total tax expense			**497.24**	**1,719.94**
(IX)	**Profit before impact of change in the rate of opening deferred tax (VII-VIII)**		**1,869.11**	**4,510.25**
(X)	Impact of change in the rate of opening deferred tax	11	381.08	-
(XI)	**Profit for the year (IX-X)**		**1,488.03**	**4,510.25**
(XII)	**Other Comprehensive Income**			
	(A)			
	(i) Items that will not be reclassified to profit or loss	34	(33.22)	16.13
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 34	8.36	(4.70)
	Subtotal (A)		**(24.86)**	**11.43**
	(B)			
	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal (B)		**-**	**-**
	Other Comprehensive Income (A+B)		**(24.86)**	**11.43**
(XIII)	**Total Comprehensive Income for the year**		**1,463.17**	**4,521.68**
(XIV)	**Earnings per equity share of face value ₹ 2 each**	35		
	Basic (₹)		3.94	11.94
	Diluted (₹)		3.93	11.86
See accompanying notes forming part of the financial statements		1 - 55		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place: Mumbai
Dated: June 7, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Place: Mumbai
Dated: May 28, 2020

Standalone Statement of Cash Flows

For the year ended March 31, 2020

(₹ in Millions)

Particulars	Notes	For the year ended March 31, 2020		For the year ended March 31, 2019 (See Note 38)	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**2,366.35**		**6,230.19**
Adjustments for:					
Depreciation, amortisation and impairment	13, 14 & 15	894.09		241.05	
Impairment on loans	30	(719.10)		(15.57)	
Impairment on other financial instruments		4.33		25.72	
(Profit)/ loss on sale of assets		6.19		0.41	
Net (gain)/ loss on fair value changes - realised	26	958.05		168.65	
Net (gain)/ loss on fair value changes - unrealised	26	(14.36)		(3.02)	
Net (gain)/ loss on derecognition of financial instruments under amortised cost	29	(429.91)		(296.10)	
Employee benefit expenses - share based		89.36		68.46	
Employee benefit expenses - others		48.39		68.81	
Exchange fluctuation on foreign currency borrowings realised		8.31		-	
Exchange fluctuation on foreign currency borrowings unrealised		2,206.05		3.47	
MTM on derivatives financial instruments		(2,137.58)		-	
Net (gain)/ loss on future contract		(15.37)		-	
Interest on loans		(23,668.93)		(26,973.31)	
Interest on deposits with banks	25.1	(689.64)		(645.30)	
Interest on investments	25.1	(113.43)		(505.03)	
Finance cost		12,688.43		13,557.51	
Loss on buy back of commercial paper (net)		8.21		39.00	
Loss on buy back of debentures (net)		(546.19)		0.37	
Income received on loans		23,621.59		25,995.58	
Interest received on deposits with banks		706.77		627.41	
Income received on investments		49.09		595.86	
Finance cost paid		(12,640.69)	313.66	(13,008.96)	(54.99)
Operating profit before working capital changes			**2,680.01**		**6,175.20**
Decrease/ (increase) in financial and non financial assets		15,501.49		(19,546.34)	
Increase in financial and non financial liabilities		3,512.69	19,014.18	4,643.50	(14,902.84)
Cash (used in)/ generated from operations			**21,694.19**		**(8,727.64)**
Taxes paid			(919.49)		(1,342.05)
Net cash (used in)/ generated from operating activities			**20,774.70**		**(10,069.69)**
Loans (disbursed)/ repaid (net)			(19,892.04)		35,463.53
Net cash (used in)/ generated from operating activities (A)			**882.66**		**25,393.84**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and other intangible assets			(462.50)		(522.14)
Sale of property, plant and equipment and other intangible assets			47.37		12.20
Investments in subsidiaries			(1,500.00)		(2,000.00)
Investment in debentures of subsidiary			(472.83)		(491.00)
Redemption in debentures of subsidiary			471.96		-
Purchase of investment property			-		(183.12)
Proceeds from Investment property			20.00		-
Purchase of investments			(550,358.55)		(769,131.13)

Standalone Statement of Cash Flows

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019 (See Note 38)
Proceeds from sale/ maturity of investments		544,966.98	775,639.48
Deposits placed with banks		(36,869.86)	(8,841.78)
Proceeds from maturity of deposits placed with banks		36,493.21	7,604.33
Net cash generated from investing activities (B)		**(7,664.22)**	**2,086.84**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share capital		20.45	32.83
Adjustment due to Composite Scheme of Arrangement on account of merger		(22.10)	9.65
Dividend paid (including dividend distribution tax)		(896.39)	(1,908.79)
Proceeds from debt securities		160,092.29	386,630.30
Repayment of debt securities		(176,536.84)	(407,968.91)
Proceeds from borrowings (other than debt securities)		132,906.30	804,825.89
Repayment of borrowings (other than debt securities)		(113,931.32)	(805,710.61)
Proceeds from subordinated liabilities		7,067.08	4,214.63
Repayment of subordinated liabilities		(2.50)	(5,004.17)
Net cash (used in)/ generated from financing activities (C)		**8,696.97**	**(24,879.18)**
Net increase in cash and cash equivalents (A + B + C)		**1,915.41**	**2,601.50**
Add : Opening cash and cash equivalents as at the beginning of the year		**4,147.30**	**10.44**
Add: Cash and cash equivalents transferred through Composite Scheme of Arrangement due to scheme of merger as on April 01 2018		**-**	**1,535.36**
Cash and cash equivalents as at the end of the year	4	**6,062.71**	**4,147.30**
See accompanying notes forming part of the financial statements	1-55		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place: Mumbai
Dated: June 7, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Place: Mumbai
Dated: May 28, 2020

Standalone Statement Of Changes In Equity

For the year ended March 31, 20190

A. Equity Share Capital

(₹ in Millions)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2020 (Refer Note 24)	638.41	118.27	756.68
As at March 31, 2019 (Refer Note 24)	637.96	0.45	638.41

B. Other Equity

(₹ in Millions)

Particulars	Share application money pending allotment (Note 1)	Reserves & Surplus								Total
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Capital Redemption Reserve (Note 6)	Debenture Redemption Reserve (Note 7)	Retained Earnings (Note 8)	Stock Compensation Reserve (Note 9)	
Balance as at April 01, 2018	**4.16**	**-**	**10,604.07**	**577.45**	**-**	**51.11**	**-**	**2,900.14**	**52.19**	**14,189.12**
Addition due to Composite Scheme of Arrangement (Refer note 38.1)		(4,245.33)								(4,245.33)
Addition due to Composite Scheme of Arrangement (Refer note 38.2)	-	4,843.93	7,630.80	463.00	3,868.50	2,250.00	3,845.70	(1,137.51)	19.36	21,783.78
Opening restated balance as on April 01,2018	**4.16**	**598.60**	**18,234.87**	**1,040.45**	**3,868.50**	**2,301.11**	**3,845.70**	**1,762.63**	**71.55**	**31,727.57**
Profit for the year	-	-	-	-	-	-	-	4,510.25	-	4,510.25
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	11.43	-	11.43
Interim dividend	-	-	-	-	-	-	-	(1,725.75)	-	(1,725.75)
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	(183.04)	-	(183.04)
Transfer to/ from reserves	-	-	19.49	4,007.86	769.00	-	(4,007.65)	(769.00)	(19.70)	-
On account of merger	-	-						(10.33)		(10.33)
On account of demerger	-	240.25						1.59	(24.94)	216.90
Addition/(Reduction) during the year	(4.16)	-	56.52				258.95	(258.95)	68.46	120.83
Balance as at March 31, 2019 (refer note 38)	**-**	**838.85**	**18,310.88**	**5,048.31**	**4,637.50**	**2,301.11**	**97.00**	**3,338.83**	**95.37**	**34,667.85**
Profit for the year	-	-	-	-	-	-	-	1,488.03	-	1,488.03
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	(24.86)	-	(24.86)
Interim dividend	-	-	-	-	-	-	-	(817.05)	-	(817.05)
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	(79.34)	-	(79.34)
Transfer to/ from reserves	-	-	10.26	37.74	617.61	-	(31.04)	(686.05)	(10.59)	-

Standalone Statement Of Changes In Equity

For the year ended March 31, 20190 (Contd.)

(₹ in Millions)

Particulars	Share application money pending allotment (Note 1)	Reserves & Surplus								Total
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Capital Redemption Reserve (Note 6)	Debenture Redemption Reserve (Note 7)	Retained Earnings (Note 8)	Stock Compensation Reserve (Note 9)	
On account of merger	-	-		-	-	-	-	(25.82)	-	(25.82)
Addition during the year	-	-	23.22	-	-	-	-	-	89.36	112.58
Balance as at March 31, 2020	**-**	**838.85**	**18,344.36**	**5,086.05**	**5255.11**	**2,301.11**	**128.04**	**3193.74**	**174.14**	**35,321.40**

Notes:

1. **Share application money pending allotment:** Money received for share application for which allotment is pending.
2. **Capital Reserves:** Capital reserve is created on account of Composite Scheme of Arrangement.
3. **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve.
4. **General Reserve:** The reserve can be distributed/ utilised by the Company, in accordance with The Companies Act, 2013.
5. **Special Reserve:** Pursuant to section 45-IC of the Reserve Bank of India Act, 1934, 20% of the profit after tax for the year has been transferred from Retained Earnings to Special Reserve.
6. **Capital Redemption Reserve:** This reserve has been created on redemption of preference shares capital as per section 55 of The Companies Act, 2013.
7. **Debenture Redemption Reserve:** Pursuant to Section 71 of The Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 the Company being an NBFC is required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through public issue. Pursuant to Ministry of Corporate Affairs circular dated August 16, 2019, reserve is not required to be created for the Non Convertible Debentures going forward.
8. **Retained Earnings:** These are the profits that the Company has earned till date, less any transfers to Statutory Reserve, Debenture Redemption Reserve, General Reserve, Dividend distribution and Capital Redemption Reserve.
9. **Stock Compensation Reserve:** The employee stock options reserve represents reserve in respect of equity settled share options granted to the employees of the Company and its Group in pursuance of employee stock options plan.

See accompanying notes forming part of the financial statements (1 - 55)

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place: Mumbai
Dated: June 7, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Place: Mumbai
Dated: May 28, 2020

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 1. CORPORATE INFORMATION

Company overview

IIFL Finance Limited (the "Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on March 12, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as mortgage loan, gold loan, loan against securities and loans to small & medium enterprise ("SME") to retail and corporate clients.

NOTE 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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 standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the 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 for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

(a) 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.

(b) Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the provisions of the Act and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013 along with the applicable guidelines issued by Reserve Bank of India ("RBI"). In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India ("ICAI") are also applied except where compliance with other statutory promulgations require a different treatment.

(c) Presentation of financial statements

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

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.

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

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

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

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.

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

iii. Income from financial instruments at FVTPL

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

iv. Assignment transactions

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

v. Securitisation transactions

In accordance with Ind AS 109, in case of securitisation transactions, the 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.

vi. Other operational revenue

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

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

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

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

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.

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 / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase. Leasehold land is depreciated on a straight line basis over the leasehold period.

The estimated useful life of assets is as under:

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

*For 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 Act.

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

Capital work in progress

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

(c) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortisation and cumulative impairment.

Intangible assets i.e. Software are amortised on straight-line basis over the estimated useful life of 3 years.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

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

(d) Investment property

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Profit and Loss in the period in which the Investment property is derecognised. Freehold land and properties under construction are not depreciated.

(e) Impairment of tangible and intangible 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.

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.

(f) Share-based payment arrangements

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

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

Securities premium includes:

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

(g) Employee benefits

Defined contribution plans

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

Defined benefit plans

Short term employee benefits: Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. These benefits include performance incentive and compensated absences

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

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

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

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

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

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.

(h) 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.

(i) 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 and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(j) Financial instruments

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.

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

Financial assets

Classification and measurement

The 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.

Financial instruments measured at amortised cost

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

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

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

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

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The 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 and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognised in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit and Loss.

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

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

Interest income is recognised in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognised when the Company's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

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

Reclassifications

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

Impairment of financial assets

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

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

Key elements of ECL computation are outlined below:

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

Credit impaired financial assets

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

Definition of default

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

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

Significant increase in credit risk

The 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. 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.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The 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.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

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.

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.

Compound instruments

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

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

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

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

Financial liabilities

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

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

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

Derecognition of financial liabilities

The 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.

(k) Cash and bank balances

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(l) 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.

(m) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(n) 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.

(o) Segment reporting

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

(p) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

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

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

Contingent liability is disclosed in case of:

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

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

(q) 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.

(r) 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 the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

(s) IND AS 116 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.

As a lessor

Leases for which the Company is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Critical accounting estimate and judgement

1. Determination of lease term

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. Discount rate

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

Changes in accounting policies / Transition note:

On March 30, 2019, the Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective from 1 April 2019 ('the date of transition'), the Company applied Ind AS 116 using the modified retrospective approach, wherein Right-of-use ('ROU') asset is recognised at an amount equal to the lease liability. Accordingly, the comparative information is not restated – i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

Refer note 14 – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

The Company as a lessee

As a lessee, the Company leases assets which includes gold loan branches/office premises and vehicles to employees. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for these leases.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Following is the summary of practical expedients elected on initial application:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

Accordingly, a right-of-use asset of ₹ 2,486.56 million and lease liability of ₹ 2,613.31 million has been recognised. The weighted average incremental borrowing rate of 9.1% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The Company as a lessor

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash on hand	799.73	429.71
Cheques on hand	-	12.30
Balance with Banks - In current accounts	1,962.37	3,705.29
- In Deposit accounts (original maturity less than or equal to three months	3,300.00	-
- Interest accrued on fixed deposits	0.61	-
Total	**6,062.71**	**4,147.30**

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

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	95.70	61.21
In Deposit accounts (original maturity more than three months) (refer note 5.1 below)	10,270.00	9,893.35
Interest accrued on fixed deposits	78.30	95.43
Total	**10,444.00**	**10,049.99**

Note 5.1 Out of the Fixed Deposits shown above

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Lien marked	5,978.41	7,219.62
Margin for credit enhancement	4,027.59	2,672.73
Other deposits	264.00	1.00
Total	**10,270.00**	**9,893.35**

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Millions)

Part I	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives						
- Spot and forwards	40,648.82	2,405.21	-	-	-	-
(ii) Interest rate derivatives						
- Forward rate agreements and interest rate swaps	6,955.00	-	267.63	-	-	-
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	280.00	-	6.59
Total Derivative Financial Instruments	**47,603.82**	**2,405.21**	**267.63**	**280.00**	**-**	**6.59**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Part II	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging	-	-	-	-	-	-
(ii) Cash flow hedging						
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives	-	-	-	-	-	-
- Currency derivatives	40,648.82	2,405.21	-	-	-	-
- Interest rate derivative.	6,955.00	-	267.63	-	-	-
Forward exchange contract	-	-	-	280.00	-	6.59
Total Derivative Financial Instruments	**47,603.82**	**2,405.21**	**267.63**	**280.00**	**-**	**6.59**

Credit Risk and Currency Risk

(₹ in Millions)

	Total		Exchange Traded		Over the Counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
Year ended March 31, 2020						
Derivative Asset	40,648.82	2,405.21	-	-	40,648.82	2,405.21
Derivative Liabilities	6,955.00	267.63	-	-	6,955.00	267.63
Year ended March 31, 2019						
Derivative Asset	-	-		-	-	-
Derivative Liabilities	280.00	6.59	-	-	280.00	6.59

Note: As at the Balance Sheet date the Company had open derivatives contracts of USD 2,643,750 (P.Y Nil) without any corresponding financial instruments. The Company has subsequently cancelled the same on May 26, 2020.

NOTE 7. RECEIVABLES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Trade Receivables		
Receivables considered good - Secured	-	61.34
Receivables considered good - Unsecured	96.21	15.39
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	2.95	-
Total (i) - Gross	**99.16**	**76.73**
Less: Impairment loss allowance	(2.95)	-
Total (i) - Net	**96.21**	**76.73**
(ii) Other Receivables		
Receivables considered good - Secured (refer note 4 below and note 33 on Exceptional items)	-	20,177.78

Notes:

1. No trade or other receivables are due from directors or other officer of the company either severally or jointly, with any other person. No trade or other receivables are due from firms including limited liability partnerships, private companies in which any director is a partner or a director or a member.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

2. The Company had adopted simplified approach for impairment allowance on trade receivables. Expected credit loss ("ECL") has been recognised on credit impaired receivables.

3. Trade receivables are non-interest bearing.

4. During the Previous year ended March 2019, the Company executed definitive agreement for divestment of its "Vehicle Financing Business" as a going concern on a slump sale basis to IndoStar Capital Finance Limited ("Indostar"). In terms of the Business Transfer Agreement, the Company received the outstanding purchase consideration of ₹ 20,177.78 million from Indostar in twelve monthly installments, with interest. The outstanding amount for this transaction is reflected under 'Other Receivables' in the previous year.

NOTE 8. LOANS

(₹ in Millions)

Particulars	As at March 31, 2020		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	85,700.56	28,513.66	114,214.22
(ii) Non Convertible Debentures - for financing real estate projects	23,961.29	-	23,961.29
(iii) Inter corporate deposit (refer note 40.2)	11,382.04	-	11,382.04
Total (A) - Gross	**121,043.89**	**28,513.66**	**149,557.55**
Less: Impairment loss allowance	(6,973.37)	(265.56)	(7,238.93)
Total (A) - Net	**114,070.52**	**28,248.10**	**142,318.62**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	86,521.39	24,543.88	111,065.27
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	-	-	-
(iv) Unsecured	34,522.50	3,969.78	38,492.28
Total (B) - Gross	**121,043.89**	**28,513.66**	**149,557.55**
Less: Impairment loss allowance	(6,973.37)	(265.56)	(7,238.93)
Total (B) - Net	**114,070.52**	**28,248.10**	**142,318.62**
(C)			
(I) Loans in India	**121,043.89**	**28,513.66**	**149,557.55**
(i) Public Sector	-	-	-
(ii) Others	121,043.89	28,513.66	149,557.55
Less: Impairment loss allowance	(6,973.37)	(265.56)	(7,238.93)
Total (C) (I) - Net	**114,070.52**	**28,248.10**	**142,318.62**
(II) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (C) (II) - Net	**-**	**-**	**-**
Total C (I) and C (II)	**114,070.52**	**28,248.10**	**142,318.62**

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

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2019		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	80,912.52	25,000.00	105,912.52
(ii) Non Convertible Debentures - for financing real estate projects	22,714.26	-	22,714.26
(iii) Inter corporate deposit (refer note 40.2)	817.50	-	817.50
Total (A) - Gross	**104,444.28**	**25,000.00**	**129,444.28**
Less: Impairment loss allowance	(7,612.84)	(127.57)	(7,740.41)
Total (A) - Net	**96,831.44**	**24,872.43**	**121,703.87**
(B)			-
(i) Secured by tangible assets (refer note 8.1 and 8.2)	82,098.47	22,001.49	104,099.96
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	-	-	-
(iv) Unsecured	22,345.81	2,998.51	25,344.32
Total (B) - Gross	**104,444.28**	**25,000.00**	**129,444.28**
Less: Impairment loss allowance	(7,612.84)	(127.57)	(7,740.41)
Total (B) - Net	**96,831.44**	**24,872.43**	**121,703.87**
(C)			-
(I) Loans in India	**104,444.28**	**25,000.00**	**129,444.28**
(i) Public Sector	-	-	-
(ii) Others	104,444.28	25,000.00	129,444.28
Less: Impairment loss allowance	(7,612.84)	(127.57)	(7,740.41)
Total (C) (I)-Net	**96,831.44**	**24,872.43**	**121,703.87**
(II) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	**-**	**-**	**-**
Total C (I) and C (II)	**96,831.44**	**24,872.43**	**121,703.87**

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

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

8.2 Secured loans include loans aggregating to ₹ 3,434.30 million (March 31, 2019: ₹ 5,388.13 million) in respect of which the creation of security is under process.

8.3 (i) The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted business and operations of the Company in the last week of March 2020. In terms of the policy approved by the Board of Directors of the Company pursuant to Reserve Bank of India (RBI) Circulars dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted EMI moratorium to all eligible customers for a period up to 3 months with regards to the payment falling due between March 01, 2020 and May 31, 2020. Further, in relation to the accounts overdue but standard as at 29 February 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at March 31, 2020 is based on the days past due status as on February 29, 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. On May 22, 2020, the RBI has extended the Moratorium Period by further three months.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(ii) The Company's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the determination of the impairment loss allowance calculations remained unchanged from those applied while preparing the Standalone Financial Statements for the year ended March 31, 2019, the Company has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on early indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at default. Accordingly, the Company has measured additional impairment loss allowance on loans and other assets and recognised the incremental impairment provision for ₹ 2,171.22 million in the Standalone Financial Statements which is adequate in the view of the Company considering the current information available. In addition, while assessing the liquidity situation, the Company has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for current events. Given the dynamic nature of pandemic situation, the Company's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual Standalone Financial Statements may differ from these estimates as on the date of approval of these Standalone Financial Statements. The Company will continue to monitor any material changes to the future economic conditions.

NOTE 9. INVESTMENTS

(₹ in Millions)

Particulars	**As at March 31, 2020**		
	At Fair Value through profit and loss	**At Cost**	**Total**
(A)			
Mutual funds	66.32	-	66.32
Alternate investment funds	50.01	-	50.01
Government securities	5,220.80	-	5,220.80
Debt securities:			
in subsidiaries	447.01	-	447.01
in others	0.23	-	0.23
Equity instruments:			
in subsidiaries	-	11,969.21	11,969.21
in others	1,813.13	-	1,813.13
Others	18.76	-	18.76
Total – Gross (A)	**7,616.26**	**11,969.21**	**19,585.47**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	7,616.26	11,969.21	19,585.47
Total – (B) to tally with Total (A)	**7,616.26**	**11,969.21**	**19,585.47**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**7,616.26**	**11,969.21**	**19,585.47**

(₹ in Millions)

Particulars	**As at March 31, 2019**		
	At Fair Value through profit and loss	**At Cost**	**Total**
(A)			
Mutual funds	76.10	-	76.10
Alternate investment funds	63.19	-	63.19
Government securities		-	-
Debt securities:			
in subsidiaries	470.79	-	470.79
in others	610.65	-	610.65

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2019		
	At Fair Value through profit and loss	At Cost	Total
Equity instruments:			
in subsidiaries	-	10,469.21	10,469.21
in others	591.50	-	591.50
Others	771.27	-	771.27
Total – Gross (A)	**2,583.50**	**10,469.21**	**13,052.71**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	2,583.50	10,469.21	13,052.71
Total – (B) to tally with Total (A)	**2,583.50**	**10,469.21**	**13,052.71**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**2,583.50**	**10,469.21**	**13,052.71**

Note 9.1 Investment details script wise

Particulars	As at March 31, 2020			As at March 31, 2019		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)
Mutual funds			**66.32**			**76.10**
IIFL Focused Equity Fund-Direct Plan-Growth	4,562,418.45	10	66.32	4,562,418.45	10	76.10
Alternate investment fund			**50.01**			**63.19**
Phi Capital Growth Fund-I	173.97	100,000	21.17	156.93	100,000	9.27
Indiareit Apartment Fund - Class B	23.20	100,000	4.27	28.32	100,000	4.42
IIFL Income Opportunities Fund-Special Situation - Class B	932,923.14	3.9963	2.04	932,923.14	3.9963	4.11
IIFL Income Opportunities Fund-Special Situation - Class S	10,278,484.68	3.9963	22.53	10,278,484.68	3.9963	45.39
Government securities			**5,220.80**			**-**
Government securities	50,000,000.00	100	5,220.80	-	-	-
Debt securities (in subsidiaries)			**447.01**			**470.79**
8.93 % IIFL Home Finance-2023 (formerly known as India Infoline Housing Finance Limited)	500.00	1,000,000	447.01	500.00	1,000,000	470.79
Debt securities (other than subsidiaries)			**0.23**			**610.65**
9.25% DHFL - 2023	8,908.00	1,000	0.23	748,346.00	1,000	610.65
Equity instruments (other than subsidiaries)			**1,813.13**			**591.50**
TransUnion CIBIL Limited	250,000.00	10	988.50	250,000.00	10	591.50
SBI Cards and Payment Services Limited (formerly known as SBI Cards and Payment Services Private Limited)	1,332,955.00	10	824.63	-	-	-
Equity instruments (in subsidiaries)			**11,969.21**			**10,469.21**
IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited)	20,968,181.00	10	8,254.77	20,968,181.00	10	8,254.77
Samasta Microfinance Limited	261,318,160.00	10	3,714.29	175,112,133.00	10	2,214.29
Clara Developers Private Limited	10,000.00	10	0.15	10,000.00	10	0.15
Others			**18.76**			**771.27**
IRB InvIT Fund	732,500.00	93.50	18.76	11,565,000.00	96.60	771.27
Total Gross			**19,585.47**			**13,052.71**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)		
Security deposits	232.24	271.82
Deposit with Clearing Corporation of India Ltd	25.40	2.40
Interest strip asset on assignment	772.84	320.12
Staff advances	0.76	0.62
Receivable from Group companies/ subsidiaries	25.99	42.91
Insurance receivable	286.10	152.99
Less: Provisions on insurance receivables (refer note 10.3 below)	(68.68)	(75.36)
Receivable on account of assignment	-	0.05
Other receivables	185.74	6.40
Accrued interest on investments	133.18	68.84
Other advance (refer note 10.1 below)	46.70	48.20
(Unsecured, considered doubtful)		
Security deposits	4.90	8.05
Less : Provision on security deposits (refer note 10.4 below)	(4.90)	(8.05)
Total	**1,640.27**	**838.99**

Note 10.1 The Company during the year ended March 31, 2018 had acquired an existing advance portfolio from M/S IIFL Management Services Limited ("IIFLMSL"), a fellow subsidiary of the Company uptil March 2018. IIFLMSL has been underwriting affordable residential units with recognised developers in past, but was finding it challenging to manage this book. The Company, being in the business of financing and having contact with the developers, was in a better position to manage this book and therefore acquired the portfolio from IIFLMSL, which shall be repaid by the developers through their cash flows or sales at regular rests with a fixed rate of return. The Company is in the process of obtaining requisite no objection certificates / agreements from the respective developers/ builders for transferring said allotment letters in its name.

Note 10.2 Impairment loss allowance on Other advances

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	-	70.60
Addition	-	-
Less: Transfer to Loans	-	(70.60)
Closing	**-**	**-**

Note 10.3 Provisions on insurance receivables

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	75.36	41.03
Addition	11.30	44.23
Reduction	(17.98)	(9.90)
Closing	**68.68**	**75.36**

Note 10.4 Provisions on security deposit

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	8.05	-
Addition	2.88	8.05
Reduction	(6.03)	-
Closing	**4.90**	**8.05**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(₹ in Millions)

Particulars	Opening balance (as on April 1, 2019)	Transfer through slump sale (refer note 33)	Effect of Rate Change (refer note 11.1)	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing balance (as on March 31, 2020)
Deferred tax assets						
Property, plant and equipment	203.69	-	(27.64)	33.33	-	209.38
Provisions, allowances for doubtful receivables / loans	2,179.38	(74.60)	(275.89)	(83.68)	-	1,745.21
Compensated absences and retirement benefits	35.08	-	(4.76)	(4.32)	8.36	34.36
Income amortisation (net)	0.01	(7.97)	3.37	(145.27)	-	(149.86)
Expenses deductible in future years	54.34	-	(50.03)	0.53	-	4.84
Carry-forward losses on investments	68.36	-	(9.28)	62.11	-	121.19
Unrealised losses on investments	41.11	-	(16.85)	6.80	-	31.06
Lease Liabilities - Ind AS 116	-	-	-	31.90	-	31.90
Total	**2,581.97**	**(82.57)**	**(381.08)**	**(98.60)**	**8.36**	**2,028.08**

Significant components of deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(₹ in Millions)

Particulars	Opening balance (as on April 1, 2018)	Addition on account of Merger (refer note 38.2)	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing balance (as on March 31, 2019)
Deferred tax assets					
Property, plant and equipment	(0.15)	248.04	(44.20)	-	203.69
Provisions, allowances for doubtful receivables / loans	-	2,524.14	(344.76)	-	2,179.38
Compensated absences and retirement benefits	1.40	26.42	11.96	(4.70)	35.08
Income amortisation (net)	-	117.45	(117.44)	-	0.01
Expenses deductible in future years	-	0.67	53.67	-	54.34
Carry-forward losses on investments	68.36	-		-	68.36
Unrealised losses on investments	-	50.64	(9.53)	-	41.11
Total	**69.61**	**2,967.36**	**(450.30)**	**(4.70)**	**2,581.97**

Note 11.1.

The recently promulgated Taxation Laws (Amendment) Ordinance 2019 has inserted section 115BAA in the Income Tax Act, 1961 providing existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge & cess. The reduced tax rates come with the consequential surrender of specified deductions & incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961 for assessment year (AY) 20-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These financial statements are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time charge of ₹ 381.08 million to the statement of Profit & Loss during the year ended March 31, 2020.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 12. INVESTMENT PROPERTY (AT COST)

(₹ in Millions)

Particulars	Property (Flats)*	Land	Total
Gross carrying value			
As at April 1, 2019	**1,555.53**	**1,078.74**	**2,634.27**
Additions during the year	-	-	-
Deductions/ adjustments during the year	-	(20.00)	(20.00)
As at March 31, 2020	**1,555.53**	**1,058.74**	**2,614.27**
Less : Impairment loss allowance	(478.16)	(105.87)	(584.03)
Net carrying value as at March 31, 2020	**1,077.37**	**952.87**	**2,030.24**
Fair value as on March 31, 2020 (Fair value hierarchy : Level 3)	1,710.13	1,067.16	2,777.29

***Distress value of above flats is ₹ 1,197.07 millions.**

(₹ in Millions)

Particulars	Property (Flats)	Land	Total
Gross carrying value			
As at April 1, 2018	**1,550.72**	**900.43**	**2,451.15**
Additions during the year	4.81	178.31	183.12
Deductions/ adjustments during the year	-	-	-
As at March 31, 2019	**1,555.53**	**1,078.74**	**2,634.27**
Less : Impairment loss allowance	-	-	-
Net carrying value as at March 31, 2019	**1,555.53**	**1,078.74**	**2,634.27**
Fair value as on March 31, 2019 (Fair value hierarchy : Level 3)	1,710.00	1,081.15	2,791.15

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

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

(₹ in Millions)

Particulars	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2019	**398.13**	**11.50**	**92.65**	**359.31**	**98.50**	**271.71**	**1,231.80**
Additions during the year	273.67	-	11.17	-	107.33	103.02	**495.19**
Deductions/ adjustments	(11.78)	-	(1.58)	-	(9.90)	(78.66)	**(101.92)**
As at March 31, 2020	**660.02**	**11.50**	**102.24**	**359.31**	**195.93**	**296.07**	**1,625.07**
Depreciation							
As at April 1, 2019	123.14	5.00	39.12	42.30	35.26	100.79	**345.61**
Depreciation for the year	127.75	2.38	12.59	21.15	54.74	97.28	**315.89**
Deductions/ adjustments	(6.37)	-	(1.07)	-	(5.57)	(35.42)	**(48.43)**
Up to March 31, 2020	**244.52**	**7.38**	**50.64**	**63.45**	**84.43**	**162.65**	**613.07**
Net block as at March 31, 2020	**415.50**	**4.12**	**51.60**	**295.86**	**111.50**	**133.42**	**1,012.00**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2018	**1.67**	**9.90**	**3.37**	**7.21**	**0.67**	**0.30**	**23.12**
Transfer in due to merger (refer note 38.2)	157.84	1.60	49.17	359.31	47.99	144.83	**760.74**
Additions during the year	246.99	-	48.33	-	56.31	140.87	**492.50**
Transfer out due to demerger (refer note 38.1)	(1.67)	-	(3.23)	(7.21)	(0.67)	(0.20)	**(12.98)**
Deductions/ adjustments	(6.70)	-	(4.99)	-	(5.80)	(14.09)	**(31.58)**
As at March 31, 2019	**398.13**	**11.50**	**92.65**	**359.31**	**98.50**	**271.71**	**1,231.80**
Depreciation							
As at April 1, 2018	**0.68**	**1.82**	**1.26**	**0.70**	**0.26**	**0.18**	**4.90**
Transfer in due to merger (refer note 38.2)	44.44	0.60	22.03	21.15	15.11	30.45	**133.78**
Depreciation for the year	82.20	2.58	20.36	21.15	24.26	78.35	**228.89**
Transfer out due to demerger (refer note 38.1)	(0.68)	-	(1.23)	(0.70)	(0.26)	(0.15)	**(3.02)**
Deductions/ adjustments	(3.50)	-	(3.30)	-	(4.11)	(8.04)	**(18.95)**
Up to March 31, 2019	123.14	5.00	39.12	42.30	35.26	100.79	**345.61**
Net block as at March 31, 2019	**274.99**	**6.50**	**53.53**	**317.01**	**63.24**	**170.92**	**886.19**

NOTE 14. LEASES

During the year ended March 31, 2020 the Company has adopted Ind AS 116 – "Leases" with effect from April 01, 2019 and applied the standard to its leases retrospectively. In accordance with the requirements of the standard, the lease liability at the present value of remaining lease payments at the date of initial application i.e. April 01, 2019 has been recognised and "Right to use assets" has been recognised at an amount equal to the "Lease liability" as at that date. In the Statement of Profit and Loss for the current period, the nature of expenses in respect of leases has changed from lease rent in previous periods to depreciation cost for "Right to use lease assets" and interest accrued on "Lease liability". The Company has not restated the comparative information in this respect.

(i) As a Leasee

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Lease commitments as at March 31, 2019	5.42	-	5.42
Add/(less): adjustments on account of lease period	1,849.41	-	1,849.41
Add/(less): contracts reassessed as lease contracts	-	6.27	6.27
Lease liabilities as on April 01, 2019	**1,854.83**	**6.27**	**1,861.10**

Following are the changes in the carrying value of right of use assets for the period ended March 31, 2020:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2019	**1,854.83**	**6.27**	**1,861.10**
Addition during the year	1,468.06	7.19	1,475.25
Deduction/Adjustment	(280.65)	(2.31)	(282.96)
Depreciation during the year	(563.85)	(2.98)	(566.83)
Closing Balance as at March 31, 2020	**2,478.39**	**8.17**	**2,486.56**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Following is the break up value of the Current and Non - Current Lease Liabilities for the period ended March 31, 2020:

(₹ in Millions)

Particulars	As at March 31, 2020
Current lease liabilities	426.11
Non-current lease liabilities	2,187.20
Total	**2,613.31**

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2019	1,854.83	6.27	1,861.10
Addition during the year	1,468.06	7.19	1,475.25
Deduction/Adjustment	(286.51)	(2.24)	(288.75)
Finance cost accrued during the period	210.91	0.69	211.60
Payment of lease liabilities	(642.48)	(3.41)	(645.89)
Closing Balance as at March 31, 2020	**2,604.81**	**8.50**	**2,613.31**

Table showing details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

(₹ in Millions)

Particulars	As at March 31, 2020
Less than one year	621.82
One to two years	560.66
Two to five years	1,384.91
More than five years	858.38
Total	**3,425.77**

Rental expense recorded for short-term leases was ₹ 86.59 million for the year ended March 31, 2020

Amounts recognised in profit or loss

(₹ in Millions)

Particulars	As at March 31, 2020
Interest on lease liabilities	211.60
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	4.25
Depreciation for the year	566.83
Total	**782.68**

Amounts recognised in the statement of cash flows

(₹ in Millions)

Particulars	As at March 31, 2020
Total cash outflow for leases	645.89

(ii) As a Lessor

Operating Lease The Company has entered into operating lease for one of its office building. These leases have terms of between 2 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total contingent rents recognised as income during the year is ₹ 32.88 million (P.Y Nil). Future minimum rentals receivable under non-cancellable operating leases as at March 31, 2020 are, as follows:

Particulars	As at March 31, 2020	As a March 31, 2019
Upto 1 Year	36.41	-
Upto 2 Year	36.41	-
Upto 3 Year	6.07	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 15. OTHER INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)

(₹ in Millions)

Particulars	Computer software
Cost or valuation as at April 1, 2019	**36.73**
Additions during the year	2.59
Deductions /Adjustments during the year	(0.08)
As at March 31, 2020	**39.24**
Amortisations	
As at April 1, 2019	**21.48**
Additions during the year	11.37
Up to March 31, 2020	**32.85**
Net block as at March 31, 2020	**6.39**

(₹ in Millions)

Particulars	Computer software
Cost or valuation as at April 1, 2018	**14.36**
Transfer in due to merger (refer note 38.2)	20.11
Additions during the year	11.36
Transfer out due to demerger (refer note 38.1)	(9.10)
As at March 31, 2019	**36.73**
Amortisations	
As at April 1, 2018	**6.03**
Transfer in due to merger (refer note 38.2)	7.04
Amortisation during the year	12.15
Transfer out due to demerger (refer note 38.1)	(3.74)
Up to March 31, 2019	**21.48**
Net block as at March 31, 2019	**15.25**

NOTE 16. OTHER NON-FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Prepaid expenses	255.03	103.77
Receivable from securitisation trust	843.04	-
Advances for operational expenses*	260.87	30.53
Deposits with government	18.92	29.66
GST / Service tax input	155.13	94.92
Other assets	1.10	2.22
Total	**1,534.09**	**261.10**

*Includes foreign currency payments amounting to ₹ 90.70 million (P.Y Nil)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 17. PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
(i) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	36.17	101.04
Accrued salaries and benefits	45.46	58.07
Provision for expenses	441.17	371.83
Other trade payables	0.00	0.58
Total	**522.80**	**531.52**

Note 17.1. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

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

(₹ in Millions)

Particulars	2019-2020	2018-2019
(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 MSMED Act	-	-

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

NOTE 18. DEBT SECURITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(i) Non Convertible Debentures (refer note (a) and (c) and 18.1 below) - Secured	57,123.20	37,610.31
Less : Unamortised debenture issue expenses	(383.15)	(205.66)
Less : Unexpired discount on NCD	(56.19)	-
(ii) Commercial Papers (refer note 18.1 below) - Unsecured	-	34,950.00
Less : Unexpired discount on Commercial Paper (refer note (b) below)	-	(237.97)
Total (A)	**56,683.86**	**72,116.68**
Debt securities in India	27,910.18	72,116.68
Debt securities outside India (refer note (c))	28,773.68	-
Total (B) to tally with (A)	**56,683.86**	**72,116.68**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(a) The Non Convertible Debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.

(b) Unexpired discount on Commercial Papers is net of Nil (March 31, 2019: ₹ 538.39 million), towards discount accrued but not due.

(c) During the year the Company has borrowed ₹ 28,557.00 million (equivalent to USD 400 million) under Secured Medium Term Note Programme. These are secured by way of all rights, titles, interest, benefits, claims and demands, whatsoever of the Company in, to and in respect of, all present and future, receivables/assets, including Company's accounts, operating cash flows, current assets, book debts, stock in trade, loans and advances and receivables, both present and future to the extent of complying with the Security Coverage Ratio, but excluding the Ineligible Assets.

Note 18.1 - Terms of repayment

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Non Convertible Debentures (secured)		**57,123.20**		**37,610.31**
Fixed:		**46,853.57**		**26,676.92**
More than 5 years	-	-	-	-
3-5 Years	9.75% - 10.20%	32,058.40	9.50% - 10.20%	10,626.92
1-3 Years	8.00% - 10.20%	9,420.17	8.00% - 10.20%	9,250.00
Less than 1 year	9.75% - 10.20%	5,375.00	7.75% - 9.50%	6,800.00
Floating:^		**5,000.00**		**7,000.00**
More than 5 years	-	-	-	-
3-5 Years	-	-	-	-
1-3 Years	-	-	8.87%	5,000.00
Less than 1 year	8.77%	5,000.00	8.15% - 8.44%	2,000.00
Zero Coupon:		**5,269.63**		**3,933.39**
More than 5 years	-	-	-	-
3-5 Years	-	-	9.60%	494.23
1-3 Years	8.75% - 9.85%	2,270.85	8.75% - 9.30%	3,044.16
Less than 1 year	8.75% - 10.00%	2,998.78	8.85% - 9.30%	395.00
Commercial Papers				**34,950.00**
Less than 1 year	-	-	8.90% - 9.10%	34,950.00
Total		**57,123.20**		**72,560.31**

^The floating rate Non Convertible Debentures are linked with Government securities / Treasury Bills interest rates plus applicable spread.

Note 18.2. - Non Convertible Debenture - instrument wise details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2020	As at March 31, 2019
9.30 % Redeemable Non Convertible Debentures. Date of Maturity 5/04/2019	9.30%	-	2,000.00
Secured Redeemable Non-Convertible Debentures. Series C7. Date of Maturity 21/05/2019	8.15%	-	1,000.00
7.75% Secured Redeemable Non-Convertible Debentures. Date of Maturity 06/06/2019	7.75%	-	1,500.00
Secured Redeemable Non-Convertible Debentures. Series C9. Date of Maturity 05/07/2019	8.44%	-	1,000.00

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2020	As at March 31, 2019
7.85% Secured Redeemable Non-Convertible Debentures. Series C5. Date of Maturity 26/08/2019	7.85%	-	1,250.00
Zero Coupon Non Convertible Debentures with Date of Maturity 12/09/2019	9.30%	-	65.00
Zero Coupon Non Convertible Debentures With Date of Maturity 24/09/2019	9.30%	-	105.00
9.20 % Redeemable Non Convertible Debentures Date of Maturity 4/11/2019	9.20%	-	300.00
Zero Coupon Non Convertible Debentures with Date of Maturity 12/11/2019	8.85%	-	50.00
9.50% Secured Rated Listed Redeemable Non Convertible Debentures. Series E1. Date of Maturity 31/12/2019	9.50%	-	1,750.00
Zero Coupon G-Sec Index Principal Protected Market Linked Listed Secured Redeemable Non Convertible Debentures. Series C-13. Date of Maturity 10/01/2020	9.00%	-	175.00
Zero Coupon Non Convertible Debentures with Date of Maturity 07/04/2020	8.85%	110.00	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A11. Date of Maturity 20/04/2020	9.30%	1,093.00	1,500.00
Zero Coupon 10 Year G-Sec Rate Linked Secured Listed Rated Redeemable Non Convertible Debentures. Series C11. Date of Maturity 21/04/2020	8.75%	262.00	500.00
Zero Coupon 10 Year G-Sec Rate Linked Secured Listed Rated Redeemable Non Convertible Debentures. Series C12. Date of Maturity 27/04/2020	9.00%	295.52	574.16
Secured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	8.77%	5,000.00	5,000.00
Zero Coupon Secured Non Convertible Debentures - 10 Year G-Sec Price MLD 2020. Series D2. Date of Maturity 09/07/2020	9.00%	285.58	-
9.98% Secured Listed Rated Redeemable Non Convertible Debentures. Series C14 Option II. Date of Maturity 28/09/2020	9.98%	1,000.00	1,000.00
9.75% Secured Redeemable Non Convertible Debentures - Series F1. Date of Maturity 09/10/2020	9.75%	1,500.00	-
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2020	10.20%	2,875.00	2,875.00
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series I. Date of Maturity 06/12/2020	10.00%	952.69	-
8% Secured Redeemable Non-Convertible Debentures. Series C6. Date of Maturity 29/04/2021	8.00%	2,500.00	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series C8. Date of Maturity 30/04/2021	8.75%	100.00	100.00
Zero Coupon Secured Listed Rated Redeemable Non Convertible Debentures. Series C10. Date of Maturity 25/05/2021	9.25%	260.00	260.00
Zero Coupon Secured Non Convertible Debentures - Nifty 50 Index MLD 2021. D3 Option I. Date of Maturity- 27/09/2021	9.50%	1,070.12	-
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2021	10.20%	2,875.00	2,875.00

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2020	As at March 31, 2019
9.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Date of Maturity 07/05/2022	9.50%	2,605.00	2,605.00
9.60% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Date of Maturity 07/05/2022	9.60%	380.38	389.15
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debenture. Series II - Category II,III & IV. Date of Maturity 07/05/2022	9.60%	468.79	494.23
Zero Coupon Secured Non Convertible Debentures - NIFTY ENHANCER STRUCTURE - MLD 2022. D3 Option II. Date of Maturity 27/09/2022	9.50%	254.50	-
9.50% Secured Non Convertible Debentures - Tranche II. Series II. Date of Maturity 06/12/2022	9.50%	360.07	-
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series III. Date of Maturity 06/12/2022	9.85%	117.44	-
9.85% Secured Non Convertible Debentures - Tranche II. Series IV. Date of Maturity 06/12/2022	9.85%	649.72	-
9.75% Secured Redeemable Non Convertible Debentures - Series D4. Date of Maturity 17/01/2023	9.85%	50.00	-
5.875% Secured MTN Dollar Bond. Date of Maturity- 20/04/2023 *	9.75%	29,023.57	-
9.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series III. Date of Maturity 07/02/2024	9.75%	1,812.85	6,368.09
10.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV. Date of Maturity 07/02/2024	10.20%	1,221.97	1,264.68
Total		**57,123.20**	**37,610.31**

* Includes hedging cost

NOTE 19. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(A)		
(a) Term loan (refer note 19.1 below)		
(i) From banks (secured) (refer note (a))	31,036.61	37,676.83
(ii) From Others (refer note (b))	7,538.59	-
Less : Prepaid expenses	(126.86)	(66.19)
(b) Other loans (refer note 19.2 below)		
(i) Cash credit/ overdraft (secured) (refer note (a) below)	7,829.56	7,512.78
(iii) Securitisation liability	22,405.61	4,474.06
Less : Prepaid expenses	-	(3.34)
(iv) Inter corporate deposit (refer note 40.2)	500.00	-
Total (A)	**69,183.51**	**49,594.14**
(B)		
Borrowings in India	61,644.92	49,594.14
Borrowings outside India (refer note (b))	7,538.59	-
Total (B) to tally with (A)	**69,183.51**	**49,594.14**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Notes:

(a) These loans are secured by way of a first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.

(b) During the year the Company has borrowed an amount of ₹ 6,870.00 million (equivalent to USD 100 million) as external commercial borrowings under automatic route and secured by way of first paripassu charge by way of hypothecation on the standard receivables of the company with asset cover of 1.20 times of the sanction amount.

Note 19.1. Terms of repayment of term loans

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
(i) From Banks				
Floating:*		**31,036.61**		**37,676.83**
More than 5 years	9.35%	250.00	-	-
3 - 5 Years	9.35% - 10.30%	4,088.82	8.40% - 10.25%	6,687.34
1 - 3 Years	9.10% - 10.30%	15,837.46	8.40% - 10.80%	16,165.57
Less than 1 year	9.00% - 10.50%	10,860.33	8.40% - 10.80%	14,823.92
(ii) From Others				
Floating:**		7,538.59		-
3 - 5 Years	8.62%	7,538.59	-	-
Total		**38,575.20**		**37,676.83**

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

**The rate of interest for the above loan is linked to 6 month U.S. LIBOR plus the margin 1.85% p.a.

Note 19.2. Terms of repayment of other loans

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Floating:				
Cash credit/ overdraft : Less than 1 year***	6.97% - 10.95%	7,829.56	8.40% - 10.95%	7,512.78
Securitisation liability				
Fixed:		**13,005.14**		**4,363.35**
More than 5 years	-	-	-	-
3- 5 Years	10.03% - 10.10%	9.36	10.10%	0.48
1-3 Years	10.05% - 10.10%	2,373.43	10.10%	2,467.38
Less than 1 year	9.57% - 10.75%	10,622.35	10.10%	1,895.49
Floating:**		**-**		**110.71**
More than 5 years	-	-	7.20%	57.10
3- 5 Years	-	-	7.20%	24.34
1-3 Years	-	-	7.20%	20.25
Less than 1 year	-	-	7.20%	9.02

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Project IRR		**9,400.47**		**-**
Less than 1 year	20.65% -21.93%	9,400.47	-	-
Inter corporate deposit				
Floating:		**500.00**		**-**
Less than 1 year (refer note 40.2)	11.40%	500.00	-	-
Total		**30,735.17**		**11,986.84**

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

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

NOTE 20. SUBORDINATED LIABILITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(A)		
Non Convertible Debentures (unsecured)	15,709.21	8,644.63
Less: Unamortised debenture issue expenses	(154.19)	(44.31)
Total (A)	**15,555.02**	**8,600.32**
(B)		
Subordinated liabilities in India	12,305.02	5,350.32
Subordinated liabilities outside India	3,250.00	3,250.00
Total (B) to tally with (A)	**15,555.02**	**8,600.32**

Note 20.1. Terms of repayment

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Non Convertible Debenture (unsecured)				
Fixed		**8,401.39**		**8,144.63**
More than 5 years	8.70% - 10.50%	4,971.39	8.70% - 10.50%	4,714.63
3- 5 Years	12.10%	100.00	12.10% - 12.20%	530.00
1-3 Years	10.50% - 12.20%	780.00	10.50% -11.25%	2,900.00
Less than 1 year	10.75% - 11.25%	2,550.00	-	-
Zero Coupon		**7,307.82**		**500.00**
More than 5 years	9.35% - 10.50%	557.82	9.35%	500.00
1-3 Years	9.00%	6,750.00	-	-
Total		**15,709.21**		**8,644.63**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 20.2 - Non Convertible Debentures - instrument wise details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2020	As at March 31, 2019
10.75% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	10.75%	450.00	450.00
10.75% Unsecured Redeemable Non Convertible Subordinated Debentures In The Nature of Tier II Capital. Date of Maturity 03/06/2020	10.75%	100.00	100.00
11.25% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 05/09/2020	11.25%	2,000.00	2,000.00
10.75% Unsecured Redeemable Non Convertible Debentures. Series U01. Date of Maturity 10/09/2021	10.75%	200.00	200.00
10.50% Unsecured Redeemable Non Convertible Debentures. Series U02. Date of Maturity 16/09/2021	10.50%	150.00	150.00
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G1. Date of Maturity 21/10/2021	9.00%	2,750.00	-
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G2. Date of Maturity 22/11/2021	9.00%	4,000.00	-
12.15% Unsecured Redeemable Non-Convertible Debenture. Date of Maturity 30/08/2022	12.15%	200.00	200.00
12.2% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date of Maturity 04/11/2022	12.20%	230.00	230.00
12.10% Unsecured Redeemable Non Convertible Debentures. Series 1. Date of Maturity 24/05/2023	12.10%	100.00	100.00
10.00% Unsecured Redeemable Non Convertible Debentures. Tranche II. Series V. Date of Maturity 06/06/2025	10.00%	259.25	-
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity 06/06/2025	10.50%	57.83	-
8.70% Unsecured Redeemable Non-Convertible Subordinated Debentures – Series U03. Date of Maturity 19/11/2027	8.70%	1,000.00	1,000.00
9% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Date of Maturity 28/06/2028	9.00%	3,250.00	3,250.00
Zero Coupon Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date of Maturity 25/08/2028	9.35%	500.00	500.00
10% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Date of Maturity 07/02/2029	10.00%	307.65	310.15
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Date of Maturity 07/02/2029	10.50%	154.48	154.48
Total		**15,709.21**	**8,644.63**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 21. OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	2,334.02	2,152.28
Payable on account of assignment	1,110.27	7,969.42
Temporary overdrawn bank balances	36.01	120.93
Payables towards NCD	82.13	47.64
Payable to Group companies/ subsidiary	2.35	58.44
Unpaid dividends	13.57	13.56
Gratuity payable (refer note 31.2)	24.71	6.76
Payable to Indostar	2,721.70	-
Payable towards purchase of Government Securities	5,326.11	-
Other payables (auction proceeds, retention payable, etc.) (refer note 21.1 below)	48.10	35.11
Total	**11,698.97**	**10,404.14**

Note 21.1 During the year, amount of ₹ 1.29 million (March 31, 2019: ₹ 1.53 million) was transferred to Investor Education and Protection Fund. Also, amount of ₹ 0.95 million (March 31, 2019: ₹ 1.12 million) was due for transfer on March 31, 2020 and the said amount was transferred within 30 days of becoming due. Dues as on March 31, 2020 amounting to ₹ 0.03 million were pending to be transferred. On account of the current pandemic situation, extension for such transfer has been received.

NOTE 22. PROVISIONS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for bonus	117.06	135.72
Provision for leave encashment	65.76	59.47
ECL provision on sanctioned undisbursed loans	193.47	237.20
Total	**376.29**	**432.39**

NOTE 23. OTHER NON-FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Income received in advance	28.77	41.94
Advances from customers	363.67	396.01
Statutory remittances	68.50	101.26
Total	**460.94**	**539.21**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 24: EQUITY SHARE CAPITAL

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

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
380,250,000 Equity Shares (March 31, 2019 600,000,000) of ₹ 2 each	760.50	1,200.00
Reduction due to Composite Scheme of Arrangement (Equity Shares of ₹ 2 each) - on account of demerger (refer note 38.1)	-	(439.50)
Addition to authorised share capital due to Composite Scheme of Arrangement on account of merger (refer note 38.2)		
1,975,000,000 Equity Shares (March 31, 2019 1,975,000,000) of ₹ 2 each	3,950.00	3,950.00
500,000,000 Preference Shares (March 31, 2019 500,000,000) of ₹ 10 each	5,000.00	5,000.00
Total	**9,710.50**	**9,710.50**
Issued, Subscribed and Paid-up Share Capital		
378,340,922 Equity Shares (March 31, 2019 319,203,092) of ₹ 2 each fully paid with voting rights	756.68	638.41
Total	**756.68**	**638.41**

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

(₹ in Millions)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in million	No. of Shares	₹ in million
Equity Shares				
At the beginning of the year	319,203,092	638.41	318,979,026	637.96
Add: Shares issued during the year	483,274	0.96	224,066	0.45
Add: Shares issued due to Composite Scheme of Arrangement	58,654,556	117.31	-	-
Outstanding at the end of the year	**378,340,922**	**756.68**	**319,203,092**	**638.41**

(iii) Movement of shares pursuant to the composite scheme of arrangement

(₹ in Millions)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	(₹ in million)	No. of Shares	(₹ in million)
Equity Shares				
Equity Shares of ₹ 2/- pending issuance pursuant to the Composite scheme of arrangement	**-**	**-**	**58,654,556**	**117.31**
Incremental shares to be issued	-	-	**58,654,556**	**117.31**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(iv) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2020, equity shareholders were paid an interim dividend of ₹ 2.25/- (March 31, 2019 ₹ 5) per share.

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

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

(₹ in Millions)

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Ltd.	84,641,445	22.37%	84,641,445	22.40%
CDC Group PLC*	58,501,587	15.46%	58,501,587	15.48%
Nirmal Bhanwarlal Jain	47,265,154	12.49%	46,402,000	12.28%
HWIC Asia Fund Class A shares	28,362,530	7.50%	28,362,530	7.51%

*Equity Shares to CDC Group PLC have been alloted on March 30, 2020 post giving effect of the merger of India Infoline Finance Limited basis appointed date April 01, 2018.

(vi) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back except for 58,654,556 equity shares alloted on account of merger. (refer note 38.2)

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

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 24.1: Other Equity

(₹ in Millions)

Particulars	Share application money pending allotment	Reserves & Surplus								Total
		Capital Reserve	Securities Premium Reserve	General Reserve	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Stock Compensation Reserve	
Balance as at April 01, 2018	**4.16**	**-**	**10,604.07**	**577.45**	**-**	**51.11**	**-**	**2,900.14**	**52.19**	**14,189.11**
Addition due to Composite Scheme of Arrangement (Refer note 38.1)		(4,245.33)								(4,245.33)
Addition due to Composite Scheme of Arrangement (Refer note 38.2)	-	4,843.93	7,630.80	463.00	3,868.50	2,250.00	3,845.70	(1,137.51)	19.36	21,783.78
Opening restated balance as on April 01, 2018	**4.16**	**598.60**	**18,234.87**	**1,040.45**	**3,868.50**	**2,301.11**	**3,845.70**	**1,762.63**	**71.55**	**31,727.57**
Profit for the year	-	-	-	-	-	-	-	4,510.25	-	4,510.25
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	11.43	-	11.43
Interim dividend	-	-	-	-	-	-	-	(1,725.75)	-	(1,725.75)
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	(183.04)	-	(183.04)
Transfer to/ from reserves	-	-	19.49	4,007.86	769.00	-	(4,007.65)	(769.00)	(19.70)	-
On account of merger	-	-	-	-	-	-	-	(10.33)	-	(10.33)
On account of demerger	-	240.25	-	-	-	-	-	1.59	(24.94)	216.90
Addition during the year	(4.16)	-	56.52	-	-	-	258.95	(258.95)	68.46	120.83
Balance as at March 31, 2019 (refer note 38)	**-**	**838.85**	**18,310.88**	**5,048.31**	**4,637.50**	**2,301.11**	**97.00**	**3,338.83**	**95.37**	**34,667.85**
Profit for the year	-	-	-	-	-	-	-	1,488.03	-	1,488.03
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	(24.86)	-	(24.86)
Interim dividend	-	-	-	-	-	-	-	(817.05)	-	(817.05)
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	(79.34)	-	(79.34)
Transfer to/ from reserves	-	-	10.26	37.74	617.61	-	31.04	(686.05)	(10.59)	-
On account of merger	-	-	-	-	-	-	-	(25.82)	-	(25.82)
Addition during the year	-	-	23.22	-	-	-	-	-	89.36	112.58
Balance as at March 31, 2020	**-**	**838.85**	**18,344.36**	**5,086.05**	**5255.11**	**2,301.11**	**128.04**	**3,193.74**	**174.14**	**35,321.40**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 25.1 Interest income

(₹ in Millions)

Particulars	FY 2019-20				FY 2018-19			
	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	18,442.53	-	4,975.12	23,417.65	23,490.22	-	3,438.14	26,928.36
Interest on investments	-	113.43	-	113.43	-	505.03	-	505.03
Interest on deposits with banks	689.64	-	-	689.64	645.30	-	-	645.30
Interest on inter corporate deposit	251.28	-	-	251.28	44.95	-	-	44.95
Other income	688.42	-	-	688.42	-	-	-	-
Total	**20,071.87**	**113.43**	**4,975.12**	**25,160.42**	**24,180.47**	**505.03**	**3,438.14**	**28,123.64**

Note 25.2 Dividend income

The Company received dividend income amounting to ₹ 441.81 million (P.Y ₹ 841.25 million). Dividend received from subsidiary company amounts to ₹ 431.06 million (P.Y ₹ 41.94 million)

NOTE 26. NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	(943.69)	(166.00)
Total net gain/(loss) on fair value changes	**(943.69)**	**(166.00)**
Fair value changes		
- Realised	(958.05)	(169.02)
- Unrealised	14.36	3.02
Total net gain/(loss) on fair value changes	**(943.69)**	**(166.00)**

NOTE 27. OTHER INCOME

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Interest on income tax refund	27.09	-
Rent Income	32.88	-
Profit on sale of fixed assets	6.00	-
Miscellaneous income	149.82	92.57
Total	**215.79**	**92.57**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 28. FINANCE COSTS

(₹ in Millions)

Particulars	On Financial liabilities measured at Amortised Cost	
	FY 2019-20	FY 2018-19
Interest on debt securities*	3,243.51	7,909.60
Interest on borrowings other than debt securities*	7,139.47	4,426.44
Interest on subordinated liabilites	1,130.26	1,077.19
Interest on inter corporate deposit	333.58	79.00
Interest expense on lease - INDAS 116	211.60	-
Other borrowing cost *	386.53	159.61
Total	**12,444.95**	**13,651.84**

* Includes foreign currency expenses incurred amounting to ₹ 939.47 million (P.Y ₹ 22.28 million)

NOTE 29. NET (GAIN)/ LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Interest strip on assignment of loans	(429.91)	(296.10)
Bad debts written off (net)	3,540.74	3,246.66
Total	**3,110.83**	**2,950.56**

NOTE 30. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Millions)

Particulars	FY 2019-20			FY 2018-19		
	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total
Loans (refer note 8.3)	(581.11)	(137.99)	(719.10)	38.61	(54.18)	(15.57)
Other financial assets	42.83	-	42.83	27.16	-	27.16
Total	**(538.28)**	**(137.99)**	**(676.27)**	**65.77**	**(54.18)**	**11.59**

NOTE 31. EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Salaries	3,894.83	3,722.18
Contribution to provident and other funds (refer note 31.1 below)	258.55	183.94
Leave encashment	26.93	48.13
Gratuity (refer note 31.2 below)	21.46	20.73
Staff welfare expenses	148.22	148.73
Share based payments	57.40	32.40
Total	**4,407.39**	**4,156.11**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

31.1 Defined contribution plans

The Company has recognised the following amounts as an expense and included in the Employee benefit expenses

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Contribution to Provident fund	95.56	56.07
Contribution to Employee State Insurance Corporation	37.54	43.21
Contribution to Labour welfare fund	0.58	0.29
Company contribution to employee pension scheme	121.22	84.11
Contribution to NPS	3.65	0.26
Total	**258.55**	**183.94**

31.2 Gratuity disclosure statement

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Type of benefit	Gratuity	Gratuity
Country	India	India
Reporting currency	INR	INR
Reporting standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding status	Funded	Funded
Starting period	01-Apr-19	01-Apr-18
Date of reporting	31-Mar-20	31-Mar-19
Period of reporting	12 Months	12 Months

Assumptions (current year)		
Expected return on plan assets	6.04%	7.64%
Rate of discounting	6.04%	7.64% - 7.79%
Rate of salary increase	6.00%	5% - 6%
Rate of employee turnover	For service 4 years and below 27% p.a. & thereafter 3% p.a.	For service 4 years and below 31% p.a. & thereafter 2% p.a. For service 4 years and below 15% p.a. & thereafter 1% p.a.
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	N.A.	N.A.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Table showing change in the present value of projected benefit obligation	FY 2019-20	FY 2018-19
Present value of benefit obligation at the beginning of the year	96.76	98.25
Interest cost	7.40	7.66
Current service cost	20.94	20.16
Past service cost	-	-
Liability transferred in/ acquisitions	3.44	1.29
(Liability transferred out/ divestments)	(2.51)	(0.38)
(Gains)/ losses on curtailment	-	-
(Liabilities extinguished on settlement)	-	-
(Benefit paid directly by the employer)	(1.75)	(0.29)
(Benefit paid from the fund)	(11.46)	(16.35)
The effect of changes in foreign exchange rates	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	7.26	3.88
Actuarial (gains)/losses on obligations - due to change in financial assumptions	27.87	(27.91)
Actuarial (gains)/losses on obligations - due to experience	(2.23)	10.45
Present value of benefit obligation at the end of the year	145.72	96.76

(₹ in Millions)

Table showing change in the Fair Value of Plan Assets	FY 2019-20	FY 2018-19
Fair value of plan assets at the beginning of the year	90.00	90.85
Interest income	6.88	7.09
Contributions by the employer	35.92	5.84
Expected contributions by the employees	-	-
Assets transferred in/ acquisitions	-	-
(Assets transferred out/ divestments)	-	
(Benefit paid from the fund)	(11.46)	(16.35)
(Assets distributed on settlements)	-	-
Effects of asset ceiling	-	-
The effect of changes in foreign exchange rates	-	-
Return on plan assets, excluding interest income	(0.33)	2.57
Fair value of plan assets at the end of the year	121.01	90.00

(₹ in Millions)

Amount recognised in the Balance Sheet	FY 2019-20	FY 2018-19
(Present value of benefit obligation at the end of the year)	(145.72)	(96.76)
Fair value of plan assets at the end of the year	121.01	90.00
Funded status (surplus/ (deficit))	(24.70)	(6.76)
Net (liability)/asset recognised in the Balance Sheet	(24.70)	(6.76)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Net interest cost for current year	FY 2019-20	FY 2018-19
Present value of benefit obligation at the beginning of the year	96.76	98.25
(Fair value of plan assets at the beginning of the year)	(90.00)	(90.85)
Net liability/(asset) at the beginning	6.76	7.40
Interest cost	7.40	7.66
(Interest income)	(6.88)	(7.09)
Net interest cost for current year	0.52	0.57

(₹ in Millions)

Expenses recognised in the Statement of Profit or Loss for current year	FY 2019-20	FY 2018-19
Current service cost	20.94	20.16
Net interest cost	0.52	0.57
Past service cost	-	-
(Expected contributions by the employees)	-	-
(Gains)/losses on curtailments and settlements	-	-
Net effect of changes in foreign exchange rates	-	-
Expenses recognised	21.46	20.73

(₹ in Millions)

Expenses recognised in OCI for current year	FY 2019-20	FY 2018-19
Actuarial (gains)/ losses on obligation for the year	32.90	(13.56)
Return on plan assets, excluding interest income	0.32	(2.57)
Change in asset ceiling	-	-
Net (income)/ expense for the year recognised in OCI	33.22	(16.13)

(₹ in Millions)

Balance Sheet reconciliation	FY 2019-20	FY 2018-19
Opening net liability	6.76	7.40
Expenses recognised in Statement of Profit or Loss	21.46	20.73
Expenses recognised in OCI	33.22	(16.13)
Net liability/(asset) transfer in	3.44	1.29
Net (liability)/asset transfer out	(2.51)	(0.38)
(Benefit paid directly by the employer)	(1.75)	(0.29)
(Employer's contribution)	(35.91)	(5.86)
Net liability/(asset) recognised in the Balance Sheet	24.71	6.76

(₹ in Millions)

Category of Assets	FY 2019-20	FY 2018-19
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	121.01	90.00
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**121.01**	**90.00**

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

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Net interest cost for next year	FY 2019-20	FY 2018-19
Present value of benefit obligation at the end of the year	145.72	96.76
(Fair value of plan assets at the end of the year)	(121.01)	(90.00)
Net liability/ (asset) at the end of the year	24.71	6.76
Interest cost	8.80	7.40
(Interest income)	(7.31)	(6.88)
Net interest cost for next year	1.49	0.52

(₹ in Millions)

Expenses recognised in the Statement of Profit or Loss for next year	FY 2019-20	FY 2018-19
Current service cost	33.48	20.94
Net interest cost	1.49	0.52
(Expected contributions by the employees)	-	-
Expenses recognised	34.97	20.86

(₹ in Millions)

Maturity analysis of the benefit payments: From the Fund	FY 2019-20	FY 2018-19
Projected benefits payable in future years from the date of reporting		
1st following year	12.21	7.29
2nd following year	3.96	2.45
3rd following year	4.31	2.78
4th following year	4.81	2.96
5th following year	5.32	3.99
Sum of years 6 To 10	33.56	25.17
Sum of years 11 and above	342.35	329.08

(₹ in Millions)

Sensitivity analysis	FY 2019-20	FY 2018-19
Projected benefit obligation on current assumptions	145.72	96.76
Delta effect of +1% change in rate of discounting	(18.32)	(12.29)
Delta effect of -1% change in rate of discounting	22.58	15.09
Delta effect of +1% change in rate of salary increase	20.59	14.03
Delta effect of -1% change in rate of salary increase	(17.27)	(11.81)
Delta effect of +1% change in rate of employee turnover	(0.68)	2.25
Delta effect of -1% change in rate of employee turnover	0.63	(2.74)

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

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

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

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

Notes

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

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

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

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

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

Qualitative disclosures

Characteristics of defined benefit plan

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

Risks associated with defined benefit plan

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

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

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

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

Asset liability matching risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 103 of Income Tax Rules, 1962, this generally reduces ALM risk.

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

Characteristics of defined benefit plans

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

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

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 32. OTHER EXPENSES

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Advertisement and marketing expenses*	462.04	473.97
Direct operating expenses	220.93	227.64
Bank charges	27.24	52.17
Commission to non whole-time directors	4.14	6.00
Communication costs	96.38	92.16
Electricity	140.86	114.31
Exchange and statutory charges	12.43	10.26
Legal & professional fees*	473.30	608.32
Directors sitting fees	4.33	5.17
Office expenses	495.63	332.53
Postage & courier	59.46	43.72
Printing & stationary	37.78	38.03
Rates & taxes	2.69	6.08
Rent (refer note 40.1)	86.59	600.22
Repairs & maintenance		
- Computer	12.78	11.49
- Others	112.13	88.70
Remuneration to auditors		
- Audit fees	3.07	2.10
- Certification / other services **	2.61	5.58
- Out of pocket expenses	0.24	0.34
Software charges*	194.99	224.58
Travelling & conveyance*	153.86	208.09
Corporate social responsibility expenses (refer note 40.1)	120.19	109.02
Miscellaneous expenses	27.86	28.69
Insurance premium	102.30	82.30
Loss on sale of fixed assets	-	0.41
Total	**2,853.83**	**3,371.88**

*Includes below payments done in foreign currency

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Advertisement and marketing expenses	0.57	1.33
Travelling & conveyance	0.09	-
Software Charges	3.82	4.24
Legal & Professional fees	7.00	1.81

** During the year the Company has paid ₹ 11.99 million to the auditors towards certification required under its Public Issue of Non Convertible Debentures and Secured Medium Term Note Programme, the same has been amortised over the tenure of the borrowings.

NOTE 33. EXCEPTIONAL ITEMS

i) During the year ended March 31 2020, the Company has transferred its mortgage loan business undertaking with its respective assets and liabilities as a going concern on a slump sale basis, to IIFL Home Finance Limited (Formerly Known as 'India Infoline Housing Finance Limited'), a Wholly Owned Subsidiary of the Company w. e. f. June 30, 2019. The profit on sale aggregating to ₹ 15.04 million has been disclosed as exceptional item.

ii) During the year ended March 31 2020, the Company has transferred its Microfinance Business undertaking with its respective assets and liabilities as a going concern on a slump sale basis, to Samasta Microfinance Limited a subsidiary Company w.e.f October 31, 2019. The profit on sale aggregating to ₹ 31.02 million has been disclosed as exceptional item.

iii) During the previous year ended March 2019, the Company executed definitive agreement for the sale of its "Vehicle Financing Business" as a going concern on a slump sale basis to IndoStar Capital Finance Limited ("Indostar"). The profit on sale aggregating to ₹ 1,153.30 million has been disclosed as an exceptional item. In terms of the Business Transfer Agreement, the Company will be receiving the outstanding purchase consideration of ₹ 20,177.78 million from Indostar in 12 (twelve) equal monthly instalments from the closing date March 31, 2019, with interest.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 34. INCOME TAXES

(₹ in Millions)

Amounts recognised in statement of profit or loss	FY 2019-20	FY 2018-19
Current tax expense		
Current year	419.33	1,258.27
Changes in estimates related to prior years	(20.69)	11.37
Deferred tax expense		
Origination and reversal of temporary differences	479.68	450.30
Total	**878.32**	**1,719.94**

(₹ in Millions)

Amounts recognised in other comprehensive income	FY 2019-20			FY 2018-19		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	(33.22)	8.36	(24.86)	16.13	(4.70)	11.43

(₹ in Millions)

Reconciliation of income tax expense of the year to accounting year	FY 2019-20	FY 2018-19
Profit before tax	2,366.35	6,230.19
Tax using the Company's domestic tax rate	595.57	1,814.23
Tax effect of:		
Non-deductible expenses	15.55	24.74
Tax-exempt income- Others (includes deduction under section 80JJAA)	(44.89)	(34.19)
Tax-exempt income- Dividend	(111.19)	(244.97)
Income taxed at different rates	(2.43)	(7.84)
Others	10.52	-
Change in tax rate (refer note 11.1 and 38.2)	381.07	496.31
Adjustments for current tax for prior periods	(20.69)	11.37
Past-year losses for which no deferred tax asset is recognised	-	(284.77)
De-Recognition of previously recognised deductible temporary differences	54.81	(54.94)
Total income tax expense	**878.32**	**1,719.94**

NOTE 35. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share ("EPS") computed in accordance with INDAS 33 'Earnings per share"

(₹ in Millions)

Particulars		FY 2019-20	FY 2018-19
Face value of equity shares in ₹ fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of Profit and Loss		1,488.03	4,510.25
Less: Preference dividend and dividend distribution tax on preference dividend		-	-
Profit after tax attributable to equity share holders	A	1,488.03	4,510.25
Weighted average number of equity shares outstanding	B	378,044,762	377,715,954
Basic EPS (In ₹)	**A/B**	**3.94**	**11.94**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		378,044,762	377,715,954
Add: Potential equity shares on account conversion of Employees Stock Options		936,649	2,581,740
Weighted average number of equity shares for computation of diluted EPS	C	378,981,411	380,297,694
Diluted EPS (In ₹)	**A/C**	**3.93**	**11.86**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 36. RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit 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. The Company operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed, to ensure minimal impact on the Company's growth and performance.

Risk Management Structure

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

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

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

Risk Management Practices

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

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

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 RMC at periodic intervals.

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.

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The Company's central Treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The 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.

Note 36A. 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 quality analysis

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

(₹ in 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 using simplified approach/ cost**	**Total**
Cash and cash equivalents	-	-	-	6,062.71	6,062.71
Bank Balance other than above	-	-	-	10,444.00	10,444.00
Receivables					-
(i) Trade Receivables	-	-	2.95	96.21	99.16
(ii) Other Receivables	-	-	-	-	-
Loans*	108,291.42	6,218.77	5,448.73	-	119,958.92
Investments**	-	-	-	11,969.21	11,969.21
Other Financial assets	-	-	-	1,713.85	1,713.85

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

**Investments in subsidiaries are carried at cost.

(₹ in Millions)

Particulars	**As at March 31, 2019**				
	Financial Assets where loss allowance measured at 12-month ECL	**Financial assets for which credit risk has increased significantly and credit not impaired**	**Financial assets for which credit risk has increased significantly and credit impaired**	**Financial Assets where loss allowance measured using simplified approach/ cost**	**Total**
Cash and cash equivalents	-	-	-	4,147.30	4,147.30
Bank Balance other than above	-	-	-	10,049.99	10,049.99
Receivables	-	-	-	-	-
(i) Trade Receivables	-	-	-	76.73	76.73
(ii) Other Receivables	-	-	-	20,177.78	20,177.78
Loans*	89,219.93	10,642.95	5,022.41	-	104,885.29
Investments**	-	-	-	10,469.21	10,469.21
Other Financial assets	-	-	-	922.40	922.40

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

**Investments in subsidiaries are carried at cost.

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Financial assets measured using simplified approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on cash and cash equivalents, bank balances, trade receivables, other receivables and other financial assets. The application of simplified approach does not require the 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.

Note 36A. 2. Collateral held

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

Note 36A. 3. Loss allowance and Exposure at Default

The following tables show reconciliations from the opening to the closing balance of the loss allowance on loans and advances

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL Mar-19	**866.67**	**2,972.88**	**4,138.01**	**7,977.56**
New loans disbursed during the year	972.25	14.82	111.36	1,098.43
Loans closed/ written off during the year	(279.37)	(412.13)	(3,527.03)	(4,218.53)
Movement in provision without change in asset staging	1,052.15	(386.98)	55.26	720.43
Movement in provision due to change in asset staging	(77.63)	(1,581.67)	3,513.81	1,854.51
Closing ECL Mar-20	**2,534.07**	**606.92**	**4,291.41**	**7,432.40**

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL Mar-18	**1,694.73**	**2,634.92**	**3,397.41**	**7,727.06**
New loans disbursed during the year	578.28	540.47	305.60	1,424.35
Loans closed/ written off during the year	(1,191.75)	(1,429.21)	(2,227.25)	(4,848.21)
Movement in provision without change in asset staging	(121.20)	(30.35)	27.36	(124.19)
Movement in provision due to change in asset staging	(93.39)	1,257.05	2,634.89	3,798.55
Closing ECL Mar-19	**866.67**	**2,972.88**	**4,138.01**	**7,977.56**

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The following tables show reconciliations from the opening to the closing balance of the exposure at default ("EAD")

(₹ 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
Opening EAD Mar-2019	**119,309.42**	**11,093.73**	**5,022.41**	**135,425.56**
New loans disbursed during the year	96,942.42	2,525.95	239.40	**99,707.77**
Loans closed/ written off during the year	(62,898.89)	(5,300.83)	(4,163.83)	**(72,363.55)**
Movement in EAD without change in asset staging	(8,822.44)	(394.86)	(18.81)	**(9,236.11)**
Movement in EAD due to change in asset staging	(3,511.82)	(1,448.57)	4,369.55	**(590.84)**
Closing EAD Mar-2020	**141,018.69**	**6,475.42**	**5,448.72**	**152,942.83**

(₹ 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
Opening EAD Mar-2018	**143,408.06**	**21,398.71**	**4,813.23**	**169,620.00**
New loans disbursed during the year	82,192.63	5,428.42	461.96	88,083.01
Loans closed/written off during the year	(83,269.47)	(12,883.79)	(3,300.80)	(99,454.06)
Movement in EAD without change in asset staging	(15,224.84)	(96.15)	0.40	(15,320.59)
Movement in EAD due to change in asset staging	(7,796.96)	(2,753.46)	3,047.62	(7,502.80)
Closing EAD Mar-2019	**119,309.42**	**11,093.73**	**5,022.41**	**135,425.56**

Note 36A. 4. Write off

Contractual amount outstanding on financial assets that were written off (net of recovery) during the reporting period is ₹ 3,540.74 million (P.Y ₹ 3,246.66 million)

Note 36A. 5. Modified financial instruments

For financial assets, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that the modification does not result in cash flows that are substantially different (thereby not resulting into derecognition), the Company has disclosed modification gain/ loss based on discounted cash flows.

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Value of modified assets at the time of modification	758.55	143.88
Value of modified assets outstanding at end of year	686.01	134.35
Modification gain/ loss	(3.67)	0.03

The above modification is in accordance with the provisions defined in the Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Circular No DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (updated as on February 17, 2020)

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Note 36A. 6. Credit risk grading of loans

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, an 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.

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.

Additionally, the Company evaluates risk based on staging as defined in Ind AS, details of which are mentioned below.

Credit grading details **(₹ in Millions)**

Period	Stage 1	Stage 2	Stage 3	Total EAD
March 31, 2019	119,309.42	11,093.73	5,022.41	135,425.56
March 31, 2020	141,018.69	6,475.42	5,448.72	152,942.83

Note 36A. 7. Concentration of credit risk

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

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

Note 36B 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 marketable securities and by having access to funding through an adequate amount of credit lines. Further, the Company has well defined Asset Liability Management (ALM) framework with an appropriate 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.

(i) Maturities of financial liabilities

(₹ in Millions)

Contractual maturities of financial liabilities (including financial guarantee) 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	267.63	-	267.63	-	-		-
Trade payables	522.80	522.80	-	-	-	-	-
Other payables	-	-	-	-	-	-	-
Finance lease obligation*	3,425.77	165.21	159.31	297.30	1,100.56	845.01	858.38
Debt securities	57,067.01	6,760.52	1,285.58	5,327.68	11,691.02	32,002.21	-
Borrowings (other than debt securities)	69,310.37	7,937.31	3,972.01	22,605.65	22,908.63	11,636.77	250.00
Subordinated liabilities	15,709.21	550.00	2,000.00	-	7,530.00	100.00	5,529.21
Other financial liabilities	11,698.97	10,434.31	458.71	186.31	418.17	121.35	80.12
Financial guarantee contracts	17,524.37	17,524.37	-	-	-	-	-
Total	**175,526.12**	**43,894.52**	**8,143.25**	**28,416.94**	**43,648.38**	**44,705.33**	**6,717.71**

*The amount represent undiscounted cash flows

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(₹ in Millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2019	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	6.59	6.59	-	-	-	-	-
Trade payables	531.52	531.52	-	-	-	-	-
Other payables	-	-	-	-	-	-	-
Debt securities	72,322.34	39,212.03	2,420.00	2,275.00	17,294.16	11,121.15	-
Borrowings (other than debt securities)	49,663.67	7,964.14	3,312.48	8,456.92	23,160.87	6,712.17	57.09
Subordinated liabilities	8,644.63	-	-	-	2,900.00	530.00	5,214.63
Other financial liabilities	10,404.14	9,211.11	386.45	311.33	461.33	6.62	27.30
Financial guarantee contracts	25,738.85	25,738.85	-	-	-	-	-
Total	**167,311.74**	**82,664.24**	**6,118.93**	**11,043.25**	**43,816.36**	**18,369.94**	**5,299.02**

(ii) Financing arrangements

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

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,503.43	2,767.22
- Expiring beyond one year (bank loans)	-	-

Note 36C. Market Risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument.

Note 36C. 1. Interest rate risk

The exposure of the Company's borrowing and loans to interest rate changes at the end of the reporting period are as follows:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Floating rate borrowings	51,904.76	52,300.32
Fixed rate borrowings	80,781.35	78,330.32
Project IRR	9,400.47	-
Total borrowings	**142,086.58**	**130,630.64**

The Company had the following floating rate borrowings and cross currency interest rate swap contracts outstanding

(₹ in Millions)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	9.40%	38,866.17	27.35%	9.26%	45,300.32	34.68%
Non convertible debentures	8.77%	5,000.00	3.52%	8.71%	7,000.00	5.36%
External Commercial borrowings	8.62%	7,538.59	5.31%	-	-	-
Inter corporate deposit	11.40%	500.00	0.35%	-	-	-
Net exposure to cash flow interest rate risk	**-**	**51,904.76**	**-**	**-**	**52,300.32**	**-**

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Sensitivity

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

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest rates – increase by 30 basis points	(116.52)	(111.21)	-	-
Interest rates – decrease by 30 basis points	116.52	111.21	-	-

The Company had the following variable rate loans outstanding

(₹ in Millions)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate (%)	Balance	% of total loans	Weighted average interest rate (%)	Balance	% of total loans
Floating rate loans	-	-	-	13.87%	6,468.03	5.26%

Sensitivity

Profit or loss is sensitive to higher/ lower interest income from loans as a result of changes in interest rates (assuming other variables constant)

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest rates – increase by 30 basis points	-	13.75	-	-
Interest rates – decrease by 30 basis points	-	(13.75)	-	-

Note 36C. 2. Exposure to currency risks

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

During the year ended March 31, 2020, the Company has hedged its foreign currency exposure through Forwards/ Future 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	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets (in INR)*	2,405.21	-	-	-	-	-
Foreign currency liabilities (in INR)*	267.63	-	-	-	-	-
Net gap as at March 31, 2020	**2,137.58**	**-**	**-**	**-**	**-**	**-**

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For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets	-	-	-	-	-	-
Foreign currency liabilities (in INR)*	6.59	-	-	-	-	-
Net gap as at March 31, 2019	**(6.59)**	**-**	**-**	**-**	**-**	**-**

*Fully hedged by forward contract

Sensitivity

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

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD sensitivity*				
INR/ USD - increase by 5%	(1,368.01)	(9.81)	-	-
INR/ USD - decrease by 5%	1,368.01	9.81	-	-

*Holding all other variables constant. The sensitivity on profit and loss is due to the timing difference of the maturity of the forward exchange contract. On the date of maturity of the forward exchange contract, the sensitivity of profit and loss to changes in the exchange rates will be Nil.

Note 36C. 3. Price Risk

(a) Exposure

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

(₹ in Millions)

Particulars	Equity Shares (Other than Subsidiary)	Mutual Funds / Alternate investment funds/ Others	Bonds	Government Securities	Total
Market value as on March 31, 2020	1,813.13	135.09	447.24	5,220.80	**7,616.26**
Market value as on March 31, 2019	591.50	910.56	1,081.44	-	**2,583.50**

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

(b) 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	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Increase 5%	284.97	91.56	-	-
Decrease 5%	(284.97)	(91.56)	-	-

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Note 36D. 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 Reserve Bank Of India.

Note 36E. Fair values of financial instruments

Financial instruments by category

(₹ in Millions)

Particulars	As at March 31, 2020		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	6,062.71
Bank Balance other than (a) above	-	-	10,444.00
Derivative financial instruments	2,405.21	-	-
Receivables			
(i) Trade receivables	-	-	96.21
(ii) Other receivables	-	-	-
Loans	-	28,248.10	114,070.52
Investments	7,616.26	-	11,969.21
Other financial assets	-	-	1,640.27
Total financial assets	**10,021.47**	**28,248.10**	**144,282.92**
Financial liabilities			
Derivative financial instruments	267.63	-	-
Trade payables	-	-	522.80
Other payables	-	-	-
Finance lease obligation	-	-	2,613.31
Debt securities	-	-	56,683.86
Borrowings (other than debt securities)	-	-	69,183.51
Subordinated liabilities	-	-	15,555.02
Other financial liabilities	-	-	11,698.97
Total financial liabilities	**267.63**	**-**	**156,257.47**

(₹ in Millions)

Particulars	As at March 31, 2019		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	4,147.30
Bank Balance other than (a) above	-	-	10,049.99
Derivative financial instruments	-	-	-
Receivables			
(i) Trade receivables	-	-	76.73
(ii) Other receivables	-	-	20,177.78
Loans	-	24,872.43	96,831.44
Investments	2,583.50	-	10,469.21
Other financial assets	-	-	838.99
Total financial assets	**2,583.50**	**24,872.43**	**142,591.44**

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(₹ in Millions)

Particulars	As at March 31, 2019		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial liabilities			
Derivative financial instruments	6.59	-	-
Trade payables	-	-	531.52
Other payables	-	-	-
Debt securities	-	-	72,116.68
Borrowings (other than debt securities)	-	-	49,594.14
Subordinated liabilities	-	-	8,600.32
Other financial liabilities	-	-	10,404.14
Total financial liabilities	**6.59**	**-**	**141,246.80**

Note 36E. 1. Financial instruments measured at fair value – Fair value hierarchy

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

Note 36E. 2. Valuation methodologies of financial instruments measured at fair value

- Quoted equity/ debt/ instruments are measured based on the last traded price in the recognised stock exchange and are classified as level 1.
- Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.
- Alternate Investment Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.
- Equity instruments in listed entities that are quoted market prices (unadjusted) in active markets for identical instruments are classified at level 1.
- Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.
- Government Securities are valued based on the closing price published by CCIL/ FIMMDA for March 2020 respectively and are classified as level 2.
- Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/ designated agencies viz: CRISIL and ICRA and are classified as level 2.
- Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.
- Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.

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(₹ 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	Carrying Value
Financial assets					
Spot and forwards	-	2,405.21	-	2,405.21	2,405.21
Loans - classified under FVTOCI	-	-	28,248.10	28,248.10	28,248.10
Investments	**909.94**	**5,667.81**	**1,038.51**	**7,616.26**	**7,616.26**
(i) Mutual funds/ Alternate investment fund / Others	85.08	-	50.01	135.09	135.09
(ii) Government securities	-	5,220.80	-	5,220.80	5,220.80
(iii) Debt securities	0.23	447.01	-	447.24	447.24
(iv) Equity	824.63	-	988.50	1,813.13	1,813.13
Total financial assets	**909.94**	**8,073.02**	**29,286.61**	**38,269.57**	**38,269.57**
Financial liabilities					
Forward rate agreements and interest rate swaps	-	267.63	-	267.63	267.63
Total financial liabilities	**-**	**267.63**	**-**	**267.63**	**267.63**

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements **As at March 31, 2019**	Level 1	Level 2	Level 3	Total	Carrying Value
Financial assets					
Loans - classified under FVTOCI	-	-	24,872.43	24,872.43	24,872.43
Investments	**1,458.02**	**470.79**	**654.69**	**2,583.50**	**2,583.50**
(i) Mutual funds/ Alternate investment fund / Others	847.37	-	63.19	910.56	910.56
(ii) Government securities	-	-	-	-	-
(iii) Debt securities	610.65	470.79	-	1,081.44	1,081.44
(iv) Equity	-	-	591.50	591.50	591.50
Total financial assets	**1,458.02**	**470.79**	**25,527.12**	**27,455.93**	**27,455.93**
Financial liabilities					
Forward exchange contract	-	6.59	-	-	-
Total financial liabilities	**-**	**6.59**	**-**	**-**	**-**

Note 36E. 3. Valuation methodologies of financial instruments not measured at fair value

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

Short-term financial assets and liabilities

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

Loans, Debts, Borrowings and Subordinated Debts

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

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed **As at March 31, 2020**	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	6,062.71	6,062.71	-
Bank Balance other than included above	10,444.00	10,444.00	-
Receivables			
(i) Trade receivables	96.21	96.21	-
(ii) Other receivables	-	-	-
Loans	120,078.17	114,070.52	Level 3
Investment in subsidiary*	11,969.21	11,969.21	-
Other financial assets	1,640.27	1,640.27	-
Total financial assets	**150,290.57**	**144,282.92**	
Financial Liabilities			
Trade payables	522.80	522.80	-
Other payables	-	-	-
Debt securities**	56,858.50	56,683.86	Level 3
Borrowings (other than debt securities)	69,513.55	69,183.51	Level 3
Subordinated liabilities	15,218.79	15,555.02	Level 3
Other financial liabilities	11,698.97	11,698.97	-
Total financial liabilities	**153,812.61**	**153,644.16**	

* Investments in subsidiaries are carried at amortised cost and hence fair value is not disclosed.

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

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed **As at March 31, 2019**	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	4,147.30	4,147.30	-
Bank Balance other than included above	10,049.99	10,049.99	-
Receivables			
(i) Trade receivables	76.73	76.73	-
(ii) Other receivables	20,177.78	20,177.78	-
Loans	97,925.05	96,831.44	Level 3
Investment in subsidiary*	10,469.21	10,469.21	-
Other financial assets	838.99	838.99	-
Total financial assets	**143,685.05**	**142,591.44**	
Financial Liabilities			
Trade payables	531.52	531.52	-
Other payables	-	-	-
Debt securities	71,392.59	72,116.68	Level 3
Borrowings (other than debt securities)	49,696.82	49,594.14	Level 3
Subordinated liabilities	8,146.18	8,600.32	Level 3
Other financial liabilities	10,404.14	10,404.14	-
Total financial liabilities	**140,171.25**	**141,246.80**	

* Investments in subsidiaries are carried at amortised cost and hence fair value is not disclosed

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 36E. 4. Movements in Level 3 financial instruments measured at fair value :

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

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2019	**24,872.43**	**63.19**	**591.50**
Purchases	-	-	-
Issuances	65,507.77	1.70	-
Settlements	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(62,132.09)	(0.50)	-
Total gain/ losses recognised in profit and loss	-	(14.38)	397.00
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2020	**28,248.11**	**50.01**	**988.50**
Unrealised gain /(loss) related to balances held at the end of financial year	-	(18.12)	833.50

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2018	**19,251.38**	**90.27**	**381.25**
Purchases	-	-	-
Issuances	66,210.72	9.27	-
Settlements	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(60,589.67)	(7.93)	-
Total gain/ losses recognised in profit and loss	-	(28.42)	210.25
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2019	**24,872.43**	**63.19**	**591.50**
Unrealised gain/ losses related to balances held at the end of financial year	-	(3.74)	436.50

Note 36F. Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2020, 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 table below summarises the carrying amount of the derecognised financial assets measured at FVTOCI and the gain/(loss) on derecognition, per type of asset.

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Financial assets derecognised during the year	62,132.09	60,589.67
Gain from derecognition	1,565.76	934.16

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 36G. Transferred financial assets that are recognised 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.

(₹ in Millions)

Securitisations	As at March 31, 2020	As at March 31, 2019
Carrying amount of transferred assets measured at amortised cost	22,405.61	4,474.06
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	22,405.61	4,474.06
Fair value of assets	22,735.65	4,576.74
Fair value of associated liabilities	22,735.65	4,576.74
Net position at Fair value	-	-

NOTE 37. CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Contingent Liabilities

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
In respect of Income tax demands (refer note (a) and (e) below)	539.76	493.12
In respect of Service Tax demands (refer note (b) below)	342.01	620.71
In respect of Profession Tax demands (refer note (c) below)	1.53	1.55
In respect of Bank guarantees given (refer note (d) below)	17,524.37	25,738.85

(a) The Company has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to service tax demand ₹ 18.92 million (P.Y - ₹ 29.66 million)

(c) Amount paid under protest with respect to profession tax demand ₹ 0.47 million (P.Y - ₹ 0.47 million)

(d) The above guarantee has been given on behalf of subsidiaries/group companies.

(e) Amount paid under protest with respect to income tax demand is ₹ 267.16 million (P.Y ₹ 260.09 million).

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

Commitments not provided for

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments related to loans sanctioned but undrawn	4,817.78	8,158.22
Estimated amount of contracts remaining to be executed on capital and operating account	169.28	117.90
Commitments related to Alternate Investment Funds	32.60	34.31

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 38. COMPOSITE SCHEME OF ARRANGEMENT

Note 38.1. Demerged Operation in the previous year

The Board of Directors of the Company at their meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst India Infoline Finance Limited (""India Infoline Finance"), IIFL Finance Limited (""the Company"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth"") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisages the following:

i. amalgamation of IIFL M&R with the Company;

ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of Company into IIFL Securities;

iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of Company into IIFL Wealth;

iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis; and

v. amalgamation of India Infoline Finance with the Company.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of April 01, 2017 and for all the other steps, the Appointed Date is opening hours of April 01, 2018.

The National Company Law Tribunal Bench at Mumbai (Tribunal) approved the Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

Certified copy of the said order of the Tribunal was received by the Company on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019 for complying with the provisions of Section 232 (5) of the Companies Act, 2013.

Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of India Infoline Finance with the Company shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by the Company from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by the Company, the Board of Directors at its meeting held on May 13, 2019 decided to give effect to the Scheme (except for the part relating to amalgamation of India Infoline Finance with the Company) in the following manner:

a) Merger of IIFL M&R with the Company with effect from the Appointed Date i.e. April 01, 2017;

b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from the Company with effect from the Appointed Date i.e. April 01,2018; and

c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution with effect from the Appointed Date April 01, 2018.

d) Merger of India Infoline Finance with the Company to be given effect after receipt of necessary registration from the RBI.

The Company fixed May 31, 2019 as the Record date for determining the eligibility of the shareholders of the Company for allotting shares of IIFL Securities and IIFL Wealth in the ratio of 1 (One) fully paid up new equity share of ₹ 2 each of IIFL Securities for every 1 (One) equity share of ₹ 2 each of the Company and 1 (One) fully paid up new equity share of ₹ 2 each of IIFL Wealth for every 7 (Seven) equity shares of ₹ 2 each of the Company. Accordingly on June 6, 2019, IIFL Securities and IIFL Wealth allotted 31,92,34,462 & 4,56,04,924 equity shares respectively to eligible shareholders of the Company. IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchanges(s) on September 19, 2019 and September 20, 2019 respectively.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(l) Following Assets and Liabilities were transferred to Respective undertakings on April 01, 2018 as per the composite scheme of arrangement

(₹ in Millions)

Particulars	Securities Undertaking	Wealth Undertaking
ASSETS		
1. Financial Assets		
(a) Cash and cash equivalents	187.25	38.46
(b) Bank Balance other than (a) above	2.49	0.07
(c) Receivables		
(I) Trade receivables	23.04	2.38
(II) Other receivables	1.54	-
(d) Investments	1,256.67	66.02
(e) Other financial assets	40.11	3.36
Sub-total	**1,511.10**	**110.29**
2. Non-financial Assets		
(a) Current tax assets (net)	-	-
(b) Deferred tax Assets (net)	-	20.08
(c) Property, Plant and Equipment	6.57	3.39
(d) Other intangible assets	3.62	1.75
(e) Other non-financial assets	3.05	2.06
Sub-total	**13.24**	**27.28**
Total Assets	**1,524.34**	**137.57**
LIABILITIES AND EQUITY		
LIABILITIES		
1. Financial Liabilities		
(a) 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	3.48	2.83
(II) Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(b) Other financial liabilities	-	34.61
Sub-total	**3.48**	**37.44**
2. Non-Financial Liabilities		
(a) Current tax liabilities (Net)	-	-
(b) Provisions	28.38	2.10
(c) Deferred tax liabilities (Net)	8.41	-
(d) Other non-financial liabilities	13.92	0.97
Sub-total	**50.71**	**3.07**
Total Liabilities	**54.19**	**40.51**
Net Assets transferred	**1,470.15**	**97.06**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(II) Following is the table showing movement of capital reserve

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Net assets value of Securities Business Undertaking (a)	1,414.99	1,470.15
Net assets value of Wealth Business Undertaking (b)	116.47	97.06
Cancellation of investments in IIFL Securities and IIFL Wealth (c)	2,678.13	2,678.13
ESOP reserves (d)	24.95	-
Retain earnings (e)	179.56	-
Adjustments to Capital Reserve out of above (a+b+c-d-e)*	**4,005.08**	**4,245.33**

*As there is no cash settlement, movement of assets and liabilities and profit and loss and other comprehensive income for the period ended March 31, 2019 has been adjusted against capital reserve.

Note 38.2. Merger

The Company received the Non-banking Financial Company License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the Reserve Bank of India to carry on the Non Banking Financial Activity on March 11, 2020. Thereafter, the Company has decided to give effect to the amalgamation of India Infoline Finance and the Company with effect from March 30, 2020 with Appointed date as April 1, 2018.

Consequently, the residual shareholders of India Infoline Finance Limited were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of ₹ 2 each in the Company for every 100 shares held in India Infoline Finance Limited. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

Pursuant to the merger, the Company has filed the revised Return of Income for FY 2018-19 on March 31, 2020 by applying corporate tax rate @ 25% on the taxable Income of the merged entity considering the turnover of the Company for FY 2016-17 being less than ₹. 2,500 millions. As a result, the merged tax liability of the Company has reduced and thereby, the excess current tax provision and deferred tax assets created of ₹ 391.06 millions and ₹ 493.81 millions respectively, in the books India Infoline Finance Limited, has been reversed during the year ended on March 31, 2019.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

(I) Following Assets Liabilities and Other Equity were transferred from India Infoline Finance Limited as on April 01, 2018 as per the composite scheme of arrangement

(₹ in Millions)

Particulars	As at April 01, 2018
ASSETS	
1. Financial Assets	
(a) Cash and cash equivalents	1,535.36
(b) Bank Balance other than (a) above	8,946.97
(c) Receivables	
(I) Trade receivables	207.19
(d) Loans	155,971.83
(e) Investments	17,235.69
(f) Other financial assets	1,013.61
Sub-total	**184,910.65**
2. Non-financial Assets	
(a) Current tax assets (net)	1,186.54
(b) Deferred tax Assets (net)	2,967.34
(c) Investment Property	2,451.14

(₹ in Millions)

Particulars	As at April 01, 2018
(d) Property, Plant and Equipment	626.96
(e) Capital work-in-progress	41.93
(f) Other intangible assets	13.07
(g) Other non-financial assets	122.76
Sub-total	**7,409.74**
Total Assets	**192,320.39**
LIABILITIES AND EQUITY	
LIABILITIES	
1. Financial Liabilities	
(a) 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	412.66
(II) Other payables	
(i) Total outstanding dues of micro enterprises and small enterprises	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-
(b) Debt Securities	92,958.27
(c) Borrowings (Other than Debt Securities)	50,535.75
(d) Subordinated Liabilities	9,413.66
(e) Other financial liabilities	5,424.09
Sub-total	**158,744.43**
2. Non-Financial Liabilities	
(a) Current tax liabilities (Net)	459.49
(b) Provisions	160.73
(c) Other non-financial liabilities	864.94
Sub-total	**1,485.16**
Total Liabilities	**160,229.59**
Net Assets	**32,090.80**
Less : Other Equity	(29,283.38)
Net Assets transferred	**2,807.42**

(II) Following table showing movement of capital reserve

(₹ in Millions)

Particulars	As at April 01, 2018
Cancellation of investments in IIFL Finance Limited (a)	10,189.71
Net Assets transferred (b)	2,807.42
Securities Premium to be Cancelled on account of merger (c)	7,816.25
Cancellation of Non Controlling Interest (d)	4,527.28
Issue of new equity share of IIFL Finance Limited in Ratio 135:100 (e)	117.31
Capital reserve created on account out of above (a-b-c-d+e)	**(4,843.93)**

Previous year numbers have been recasted to give effect to the above scheme of merger w.e.f April 01, 2018, being the appointed date of merger as per the Court approved scheme.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 39. EMPLOYEE STOCK OPTION

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

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

Particulars	As at March 2020 ESOP 2008	As at March 2019 ESOP 2008
Number of Option outstanding	434,937	948,456
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017	10-Aug-2012, 29-Oct-2012, 05 Nov-2013, 05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017
Grant Price (₹ Per Share)	₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71	₹ 25.79, ₹ 31.05, ₹ 26.47, ₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71

(b) (i) Movement of options during the year ended March 31, 2020

(₹ in Millions)

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2019	**948,456**	**25.79-218.71**	**62.76**	**2.88**
Granted during the year	-	-	-	-
Expired/forfeited during the year	30,245	82.02-218.71	127.21	-
Exercised during the year	483,274	25.79-82.73	36.23	-
Outstanding as on March 31, 2020	**434,937**	**61.40-218.71**	**87.76**	**2.89**
Exercisable as on March 31, 2020	**419,537**	**61.40-218.71**	**82.95**	**2.85**

b) (ii) Movement of options during year ended March 31, 2019

(₹ in Millions)

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2019	**1,205,392**	**25.79-218.71**	**66.39**	**4.03**
Granted during the year	-	-	-	-
Expired/forfeited during the year	32,870	82.02-218.71	98.70	-
Exercised during the year	224,066	25.79-82.73	77.03	-
Outstanding as on March 31, 2020	**948,456**	**25.79-218.71**	**62.76**	**2.88**
Exercisable as on March 31, 2020	**620,676**	**25.79-218.71**	**46.25**	**2.27**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Fair Value Methodology:

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

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

(₹ in Millions)

Particulars	ESOP 2008	
	2019-20	2018-19
Stock price (₹)	-	-
Volatility	-	-
Risk-free Rate	-	-
Exercise price (₹)	-	-
Time to Maturity (Years)	-	-
Dividend yield	-	-
Weight Average Value (₹)	-	-

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

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

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

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

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

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

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

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

Particulars	As at March 2020	As at March 2019
	ESOP 2020	ESOP 2020
Number of Option outstanding	8,265,678	9,173,539
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018, 18-Jan-2019 and 18-Sep 2019	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018 and 18-Jan-2019
Grant Price (₹ Per Share)	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04 , ₹ 182.22

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(b) (i) Movement of options during the year ended March 31, 2020

(₹ in Millions)

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2019	**9,173,539**	**61.48 -182.22**	**157.60**	**6.15**
Granted during the year	13,500	129.63	129.63	
Expired/forfeited during the year	921,361	61.48 -182.22	156.73	
Exercised during the year	-	-	-	
Outstanding as on March 31, 2020	**8,265,678**	**61.48 -182.22**	**157.65**	**5.15**
Exercisable as on March 31, 2020	**1,795,582**	**61.48 -182.22**	**125.01**	**4.34**

(b) (ii) Movement of options during the year ended March 31, 2019

(₹ in Millions)

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2018	**2,457,600**	**61.48 -106.67**	**98.40**	**5.65**
Granted during the year	7,982,562	142.22-182.22	172.14	
Expired/forfeited during the year	1,266,623	61.48 -182.22	134.34	
Exercised during the year	-	-	-	
Outstanding as on March 31, 2019	**9,173,539**	**61.48 -182.22**	**157.60**	**6.15**
Exercisable as on March 31, 2019	**569,298**	**61.48 -106.67**	**91.12**	**4.46**

Fair Value Methodology:

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

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

Particulars	ESOP 2020			
	21-Nov-18	04-Sep-18	02-May-18	02-May-18
Stock price (₹)	179.63	179.63	179.63	179.63
Volatility	59%	59%	59%	59%
Risk-free Rate	7.21% - 7.40%	7.21% - 7.44%	7.13% - 7.40%	7.13% - 7.34%
Exercise price (₹)	177.04	177.04	142.22	142.22
Time to Maturity (Years)	5.39	5.43	5.09	4.84
Dividend yield	1.00%	1.00%	1.00%	1.00%
Weight Average Value (₹)	102.29	102.87	106.78	106.94

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Particulars	ESOP 2020		
	18-Sep-19	18-Jan-19	18-Jan-19
Stock price (₹)	179.63	179.63	179.63
Volatility	59%	59%	59%
Risk-free Rate	7.34% - 7.49%	7.28% - 7.49%	7.28% - 7.44%
Exercise price (₹)	129.63	182.22	182.22
Time to Maturity (Years)	6.22	5.80	5.55
Dividend yield	1.00%	1.00%	1.00%
Weight Average Value (₹)	118.06	161.25	102.16

Stock Price: The fair value of stock as on Appointed Date, i.e., April 1, 2018 ("the Effective date" or the "Date of Modification") has been used to value the outstanding grants based on Mercahnt Banker's Report.

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

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

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

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

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

NOTE 40. LIST OF RELATED PARTIES

Nature of relationship	Name of party
Direct subsidiaries	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Clara Developers Private Limited
	Samasta Microfinance Limited
Other related parties (due to Common promoter w.e.f April 01, 2018)/ Fellow subsidiaries (upto March 31, 2018)	IIFL Securities Limited
	IIFL Management Services Limited
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	India Infoline Foundation
	IIFL Alternate Asset Advisors Limited
	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Wealth Finance Limited
	5paisa Capital Limited
Key managerial personnel	Mr. Nirmal Jain
	Mr. R. Venkataraman
	Mr. Sumit Bali
	Mr. Prabodh Agarwal (Upto February 01, 2020)
	Mr. Rajesh Rajak (w.e.f March 12,2020)
Relatives of key managerial personnel	Mrs. Aditi Athavankar (Spouse of R. Venkataraman)

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

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 40.1 Significant transactions with related parties

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Interest income				
IIFL Securities Limited	-	2.92	-	2.92
	-	(28.04)	-	(28.04)
IIFL Home Finance Limited	45.33			45.33
	(27.64)	-	-	(27.64)
IIFL Facilities Services Limited	-	172.80	-	172.80
	-	(3.12)	-	(3.12)
IIFL Management Services Limited	-	20.95	-	20.95
	-	(7.12)	-	(7.12)
5paisa Capital Limited	-	53.63	-	53.63
	-	(6.64)	-	(6.64)
Samasta Microfinance Limited	36.24	-	-	36.24
	(11.31)	-	-	(11.31)
Interest expense				
IIFL Facilities Services Limited	-	223.97	-	223.97
	-	(114.41)	-	(114.41)
IIFL Home Finance Limited	129.94	-	-	129.94
	(24.67)	-	-	(24.67)
Samasta Microfinance Limited	8.42			8.42
	-	-	-	-
IIFL Wealth Finance Limited	-	18.41	-	18.41
	-	(2.26)	-	(2.26)
IIFL Alternate Asset Advisors Limited	-	-	-	-
	-	(1.05)	-	(1.05)
IIFL Insurance Brokers Limited	-	2.16	-	2.16
	-	-	-	-
Service charges income				
IIFL Home Finance Limited	0.77	-	-	0.77
	(4.17)	-	-	(4.17)
Referral fees income				
IIFL Home Finance Limited	2.00	-	-	2.00
	-	-	-	-
IIFL Wealth Management Limited	-	-	-	-
	-	(14.35)	-	(14.35)
Investment Banking Income Pass Through				
IIFL Securities Limited	-	15.69	-	15.69
	-	-	-	-
Donation paid				
India Infoline Foundation	-	120.19	-	120.19
	-	(109.02)	-	(109.02)
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees				
IIFL Securities Limited	-	143.54	-	143.54
	-	(222.35)	-	(222.35)
5paisa Capital Limited	-	11.18	-	11.18
	-	(1.17)	-	(1.17)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Facilities Services Limited	-	-	-	-
	-	(25.00)	-	(25.00)
IIFL Management Services Limited	-	97.76	-	97.76
	-	(59.55)	-	(59.55)
IIFL Wealth Management Limited	-	114.63	-	114.63
	-	(18.87)	-	(18.87)
Samasta Microfinance Limited	104.79	-	-	104.79
	(189.91)	-	-	(189.91)
IIFL Home Finance Limited	16.20	-	-	16.20
	(12.41)	-	-	(12.41)
Rent expenses				
IIFL Facilities Services Limited	-	17.50	-	17.50
	-	(43.09)	-	(43.09)
Aditi Athavankar	-	-	1.80	1.80
	-	-	(2.40)	(2.40)
Commission/ brokerage expense				
IIFL Securities Limited	-	0.86	-	0.86
	-	(5.04)	-	(5.04)
Remuneration paid				
Nirmal Jain	-	-	86.97	86.97
	-	-	(68.71)	(68.71)
R. Venkataraman	-	-	5.50	5.50
	-	-	(48.57)	(48.57)
Sumit Bali	-	-	62.50	62.50
	-	-	(46.27)	(46.27)
Equity dividend received				
IIFL Home Finance Limited	314.52	-	-	314.52
	(41.94)	-	-	(41.94)
Samasta Microfinance Limited	116.53	-	-	116.53
	-	-	-	-
IIFL Commodities Limited	-	-	-	-
	-	(12.54)	-	(12.54)
IIFL Insurance Brokers Limited	-	-	-	-
	-	(50.00)	-	(50.00)
IIFL Securities Limited	-	-	-	-
	-	(280.77)	-	(280.77)
IIFL Wealth Management Limited	-	-	-	-
	-	(450.00)	-	(450.00)
Equity dividend paid				
India Infoline Employee Trust Limited	-	0.17	-	0.17
	-	(0.38)	-	(0.38)
ICD/loan taken				
IIFL Home Finance Limited	67,796.20	-	-	67,796.20
	(4,410.00)	-	-	(4,410.00)
Samasta Microfinance Limited	1,720.00	-	-	1,720.00
	-	-	-	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Securities Limited	-	15,374.00	-	15,374.00
	-	-	-	-
IIFL Wealth Finance Limited	-	1,000.00	-	1,000.00
	-	-	-	-
IIFL Insurance Brokers Limited	-	146.60	-	146.60
	-	-	-	-
IIFL Facilities Services Limited	-	83,080.00	-	83,080.00
	-	(21,270.00)	-	(21,270.00)
ICD/loan returned				
IIFL Home Finance Limited	67,796.20	-	-	67,796.20
	(4,410.00)	-	-	(4,410.00)
Samasta Microfinance Limited	1,220.00	-	-	1,220.00
	-	-	-	-
IIFL Securities Limited	-	15,374.00	-	15,374.00
	-	-	-	-
IIFL Wealth Finance Limited	-	1,000.00	-	1,000.00
	-	-	-	-
IIFL Insurance Brokers Limited	-	146.60	-	146.60
	-	-	-	-
IIFL Facilities Services Limited	-	83,080.00	-	83,080.00
	-	(21,270.00)	-	(21,270.00)
ICD/loan given				
IIFL Securities Limited	-	5,590.00	-	5,590.00
	-	(26,330.00)	-	(26,330.00)
IIFL Management Services Limited	-	1,933.00	-	1,933.00
	-	(2,740.00)	-	(2,740.00)
IIFL Facilities Services Limited	-	24,676.00	-	24,676.00
	-	(22,092.50)	-	(22,092.50)
IIFL Home Finance Limited	25,566.94	-	-	25,566.94
	(77,147.00)	-	-	(77,147.00)
Samasta Microfinance Limited	610.00	-	-	610.00
	(3,545.00)	-	-	(3,545.00)
5paisa Capital Limited	-	3,418.10	-	3,418.10
	-	(1,072.00)	-	(1,072.00)
ICD/loan received back				
IIFL Securities Limited	-	5,590.00	-	5,590.00
	-	(26,330.00)	-	(26,330.00)
IIFL Facilities Services Limited	-	23,445.00	-	23,445.00
	-	(21,565.00)	-	(21,565.00)
IIFL Management Services Limited	-	2,223.00	-	2,223.00
	-	(2,450.00)	-	(2,450.00)
IIFL Home Finance Limited	25,566.94	-	-	25,566.94
	(77,147.00)	-	-	(77,147.00)
5paisa Capital Limited	-	2,418.10	-	2,418.10
	-	(1,072.00)	-	(1,072.00)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Samasta Microfinance Limited	610.00	-	-	610.00
	(4,489.74)	-	-	(4,489.74)
Investment in subsidiaries				
IIFL Home Finance Limited	-	-	-	-
	(1,000.00)	-	-	(1,000.00)
Samasta Microfinance Limited	1,500.00	-	-	1,500.00
	(1,000.00)	-	-	(1,000.00)
Purchase of investment				
IIFL Wealth Finance Limited	-	513.93	-	513.93
	-	-	-	-
Sale of investment				
IIFL Wealth Finance Limited	-	507.93	-	507.93
	-	-	-	-
Investment in non convertible debenture				
IIFL Home Finance Limited	-	-	-	-
	(491.00)	-	-	(491.00)
Allocation / reimbursement of expenses paid				
IIFL Securities Limited	-	309.45	-	309.45
	-	(604.35)	-	(604.35)
IIFL Asset Management Limited	-	7.50	-	7.50
	-	-	-	-
5paisa Capital Limited	-	-	-	-
	-	(0.02)	-	(0.02)
IIFL Home Finance Limited	6.99	-	-	6.99
	(5.65)	-	-	(5.65)
IIFL Management Services Limited	-	14.32	-	14.32
	-	(12.45)	-	(12.45)
IIFL Facilities Services Limited	-	27.72	-	27.72
	-	(34.97)	-	(34.97)
Allocation / reimbursement of expenses paid others				
IIFL Securities Limited	-	43.49	-	43.49
	-	(8.49)	-	(8.49)
IIFL Wealth Management Limited	-	0.98	-	0.98
	-	(0.11)	-	(0.11)
IIFL Commodities Limited	-	-	-	-
	-	(0.05)	-	(0.05)
IIFL Facilities Services Limited	-	0.62	-	0.62
	-	(0.52)	-	(0.52)
IIFL Home Finance Limited	31.76	-	-	31.76
	(0.22)	-	-	(0.22)
5paisa Capital Limited	-	1.97	-	1.97
	-	(0.15)	-	(0.15)
IIFL Management Services Limited	-	0.82	-	0.82
	-	(0.12)	-	(0.12)
IIFL Insurance Brokers Limited	-	2.05	-	2.05
	-	(0.07)	-	(0.07)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Allocation / reimbursement of expenses received				
IIFL Facilities Services Limited	-	0.62	-	0.62
	-	(0.01)	-	(0.01)
IIFL Management Services Limited	-	0.48	-	0.48
	-	(0.88)	-	(0.88)
IIFL Securities Limited	-	29.29	-	29.29
	-	(25.20)	-	(25.20)
IIFL Home Finance Limited	42.28	-	-	42.28
	(33.17)	-	-	(33.17)
5paisa Capital Limited	-	8.17	-	8.17
	-	(2.66)	-	(2.66)
IIFL Wealth Management Limited	-	5.64	-	5.64
	-	-	-	-
IIFL Insurance Brokers Limited	-	-	-	-
	-	(0.64)	-	(0.64)
Samasta Microfinance Limited	-		-	-
	(0.13)	-	-	(0.13)
Allocation / reimbursement of expenses received others				
5paisa Capital Limited	-	2.54	-	2.54
	-	(0.06)	-	(0.06)
IIFL Securities Limited	-	46.89	-	46.89
	-	(3.14)	-	(3.14)
IIFL Home Finance Limited	53.17	-	-	53.17
	(26.12)	-	-	(26.12)
IIFL Management Services Limited	-	3.05	-	3.05
	-	(31.01)	-	(31.01)
IIFL Facilities Services Limited	-	0.22	-	0.22
	-	(0.51)	-	(0.51)
IIFL Insurance Brokers Limited		1.81		1.81
				-
IIFL Asset Management Limited		2.47		2.47
				-
India Infoline Foundation		0.04		0.04
				-
IIFL Wealth Management Limited	-	0.29	-	0.29
	-	(0.00)	-	(0.00)
Security deposit paid towards rent				
IIFL Facilities Services Limited	-	-	-	-
	-	(11.70)	-	(11.70)
Payment towards assignment transaction				

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Samasta Microfinance Limited	0.83	-	-	0.83
	-	-	-	-
IIFL Home Finance Limited	9.29	-	-	9.29
	(68.54)	-	-	(68.54)
Receipt towards assignment transaction				
Samasta Microfinance Limited	3.39	-	-	3.39
	(87.95)	-	-	(87.95)
IIFL Home Finance Limited	4.24	-	-	4.24
	(30.70)	-	-	(30.70)
Assignment/Secu transactions paid on HFC behalf				
IIFL Home Finance Limited	954.16	-	-	954.16
	-	-	-	-
Non convertible debenture issued				
IIFL Management Services Limited	-	2,322.00	-	2,322.00
	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	500.00	-	500.00
	-	(290.00)	-	(290.00)
IIFL Wealth Finance Limited	-	4,483.00	-	4,483.00
	-	(353.92)	-	(353.92)
Non convertible debenture redeemed/buyback				
IIFL Wealth Finance Limited	-	783.96	-	783.96
	-	(65.25)	-	(65.25)
IIFL Facilities Services Limited	-	3,475.00	-	3,475.00
	-	(197.10)	-	(197.10)
IIFL Alternate Asset Advisors Limited	-	-	-	-
	-	(139.61)	-	(139.61)
Sale of Portfolio				
IIFL Home Finance Limited	6,050.00	-	-	6,050.00
	-	-	-	-
Samasta Microfinance Limited	1,723.50	-	-	1,723.50
	-	-	-	-

Note 40.2 Closing balances with related parties

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Other payable				
5paisa Capital Limited	-	-	-	-
	-	(0.50)	-	(0.50)
IIFL Securities Limited	-	0.27	-	0.27
	-	(23.74)	-	(23.74)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Management Services Limited	-	-	-	-
	-	(16.94)	-	(16.94)
IIFL Facilities Services Limited	-	1.22	-	1.22
	-	(0.07)	-	(0.07)
Samasta Microfinance Limited	0.86	-	-	0.86
	(17.20)	-	-	(17.20)
Other receivable				
IIFL Wealth Management Limited	-	0.63	-	0.63
	-	(4.87)	-	(4.87)
IIFL Asset Management Limited	-	2.47	-	2.47
	-	-	-	-
IIFL Insurance Brokers Limited	-	-	-	-
	-	(0.02)	-	(0.02)
IIFL Home Finance Limited	22.89	-	-	22.89
	(38.02)	-	-	(38.02)
Security deposit receivable				
Aditi Athavankar	-	-		-
	-	-	(50.00)	(50.00)
IIFL Facilities Services Limited	-	8.75	-	8.75
	-	(11.70)	-	(11.70)
Receivable towards assignment				
IIFL Home Finance Limited	-	-	-	-
	(1.89)	-	-	(1.89)
Samasta Microfinance Limited	-	-	-	-
	(0.05)	-	-	(0.05)
Payable towards assignment				
IIFL Home Finance Limited	-	-	-	-
	(5.35)	-	-	(5.35)
Outstanding ICD (given)				
IIFL Management Services Limited	-	-	-	-
	-	(290.00)	-	(290.00)
5paisa Capital Limited	-	1,000.00	-	1,000.00
	-	-	-	-
IIFL Facilities Services Limited	-	1,758.50	-	1,758.50
	-	(527.50)	-	(527.50)
Outstanding ICD (Taken)				
Samasta Microfinance Limited	500.00	-	-	500.00
	-	-	-	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Outstanding loan amount of assigned book purchased				
Samasta Microfinance Limited	-	-	-	-
	(3.43)	-	-	(3.43)
IIFL Home Finance Limited	-	-	-	-
	(137.48)	-	-	(137.48)
Outstanding loan amount of assigned book sold				
IIFL Home Finance Limited	-	-	-	-
	(125.48)	-	-	(125.48)
Corporate guarantee given				
Samasta Microfinance Limited	-	-	-	-
	(500.00)	-	-	(500.00)
IIFL Home Finance Limited	17,524.37	-	-	17,524.37
	(24,427.85)	-	-	(24,427.85)
IIFL Securities Limited	-	-	-	-
		(811.00)	-	(811.00)
Outstanding non convertible debenture issued				
IIFL Management Services Limited	-	221.30	-	221.30
	-	-	-	-
IIFL Wealth Finance Limited	-	11.00	-	11.00
	-	-	-	-
IIFL Facilities Services Limited	-	200.00	-	200.00
	-	(200.00)	-	(200.00)
Interest accrued on non convertible debenture issued				
IIFL Management Services Limited	-	7.88	-	7.88
	-	-	-	-
IIFL Wealth Finance Limited	-	1.24	-	1.24
	-	-	-	-
IIFL Facilities Services Limited	-	12.88	-	12.88
	-	(12.82)	-	(12.82)
Investment in non convertible debenture (including interest accrued)				
IIFL Home Finance Limited	530.46	-	-	530.46
	(521.34)	-	-	(521.34)
Gratuity payable *				
Mr. Nirmal Jain	-	-	1.42	1.42
	-	-	(1.20)	(1.20)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Mr. R. Venkataraman	-	-	1.44	1.44
	-	-	(1.20)	(1.20)
Mr.Sumit Bali	-	-	0.46	0.46
	-	-	(0.11)	(0.11)
Leave encashment payable *				
Mr. Nirmal Jain	-	-	6.69	6.69
	-	-	(4.84)	(4.84)
Mr.R. Venkataraman	-	-	3.54	3.54
	-	-	(3.44)	(3.44)
Mr.Sumit Bali	-	-	0.24	0.24
	-	-	(0.28)	(0.28)

*Based on actuarial valuation report

Amount is less than ₹ 0.01 million hence shown ₹ 0.00 wherever applicable

(Figure in bracket represents previous year figures)

NOTE 41. CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2018-2019, the Company has spent ₹ 120.19 million (P.Y. ₹ 109.02 million) out of the total amount of ₹ 120.19 million (P.Y. ₹ 109.02 million) required to be spent as per section 135 of The Companies Act, 2013 in respect of Corporate Social Responsibility (CSR). The aforementioned amount has been contributed to India Infoline Foundation.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 42.1. Maturity analysis of assets and liabilities as at March 31, 2020

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	ASSETS			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	6,062.71	-	6,062.71
(b)	Bank balance other than (a) above	9,841.33	602.67	10,444.00
(c)	Derivative financial instruments		2,405.21	2,405.21
(d)	Receivables			
	(i) Trade receivables	96.21	-	96.21
	(ii) Other receivables	-	-	-
(e)	Loans	74,574.86	67,743.76	142,318.62
(f)	Investments	6,511.43	13,074.04	19,585.47
(g)	Other financial assets	408.15	1,232.12	1,640.27
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	-	1,946.04	1,946.04
(b)	Deferred tax assets (net)	-	2,028.08	2,028.08
(c)	Investment property	-	2,030.24	2,030.24
(d)	Property, plant and equipment	-	1,012.00	1,012.00
(e)	Capital work-in-progress	-	24.94	24.94
(f)	Right of-use assets	-	2,486.56	2,486.56
(g)	Other intangible assets	-	6.39	6.39
(h)	Other non-financial assets	1,357.30	176.79	1,534.09
	Total Assets	**98,851.99**	**94,768.84**	**193,620.83**
	LIABILITIES AND EQUITY			
	Liabilities			
[1]	Financial liabilities			
(a)	Derivative financial instruments	267.63	-	267.63
(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	522.80	-	522.80
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Finance lease obligation	426.11	2,187.20	2,613.31
(d)	Debt securities	13,270.93	43,412.93	56,683.86
(e)	Borrowings (other than debt securities)	39,176.99	30,006.52	69,183.51
(f)	Subordinated liabilities	2,524.97	13,030.05	15,555.02
(g)	Other financial liabilities	11,022.34	676.63	11,698.97
[2]	Non-financial liabilities			
(a)	Current tax liabilities (net)	180.42	-	180.42
(b)	Provisions	132.55	243.74	376.29
(c)	Other non-financial liabilities	460.94	-	460.94
[3]	Equity			
(a)	Equity share capital	-	756.68	756.68
(b)	Other equity	-	35,321.40	35,321.40
	Total Liabilities and Equity	**67,985.68**	**125,635.15**	**193,620.83**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 42.2. Maturity analysis of assets and liabilities as at March 31, 2019

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	ASSETS			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	4,147.30	-	4,147.30
(b)	Bank balance other than (a) above	10,044.51	5.48	10,049.99
(c)	Derivative financial instruments	-	-	-
(d)	Receivables			
	(i) Trade receivables	76.73	-	76.73
	(ii) Other receivables	20,177.78	-	20,177.78
(e)	Loans	75,734.96	45,968.91	121,703.87
(f)	Investments	1,992.00	11,060.71	13,052.71
(g)	Other financial assets	327.09	511.90	838.99
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	-	1,465.75	1,465.75
(b)	Deferred tax assets (net)	-	2,581.97	2,581.97
(c)	Investment property	-	2,634.27	2,634.27
(d)	Property, plant and equipment	-	886.19	886.19
(e)	Capital work-in-progress	-	60.21	60.21
(f)	Other intangible assets	-	15.25	15.25
(g)	Other non-financial assets	229.96	31.14	261.10
	Total Assets	**112,730.33**	**65,221.78**	**177,952.11**
	LIABILITIES AND EQUITY			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	6.59	-	6.59
(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	531.52	-	531.52
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Debt securities	43,856.75	28,259.93	72,116.68
(d)	Borrowings (other than debt securities)	24,213.74	25,380.40	49,594.14
(e)	Subordinated liabilities	-	8,600.32	8,600.32
(f)	Other financial liabilities	9,908.89	495.25	10,404.14
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	303.55	-	303.55
(b)	Provisions	152.51	279.88	432.39
(c)	Other non-financial liabilities	539.21	-	539.21
[3]	**Equity**			
(a)	Equity share capital	-	638.41	638.41
(b)	Incremental shares pending issuance	-	117.31	117.31
(c)	Other equity	-	34,667.85	34,667.85
	Total Liabilities and Equity	**79,512.76**	**98,439.35**	**177,952.11**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 43. DISCLOSURE AS REQUIRED UNDER ANNEX XII- RBI MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 DATED SEPTEMBER 01, 2016 AS MAY BE AMENDED FROM TIME TO TIME:

(i) Capital Adequacy Ratio

(₹ in Millions)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
CRAR (%)	17.55%	18.26%
CRAR - Tier I Capital (%)	13.13%	13.13%
CRAR - Tier II Capital (%)	4.42%	5.13%
Amount of subordinate debt raised as tier- II capital*	15,709.21	8,644.63
Amount raised by issue of perpetual debt instruments	-	-

*(Gross of Unamortised Debenture Issue Expenses of ₹ 154 .19 Millions (PY ₹ 44.31 Millions)

(ii) Disclosure of Investments

(₹ in Millions)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Value of Investments		
Gross value of Investments*	**19,876.25**	**13,551.48**
(a) In India	19,876.25	13,551.48
(b) Outside India	-	-
Provision for depreciation/diminution	**290.78**	**498.77**
(a) In India	290.78	498.77
(b) Outside India	-	-
Net value of investments	**19,585.47**	**13,052.71**
(a) In India	19,585.47	13,052.71
(b) Outside India	-	-
Movement of provisions held towards depreciation on Investments		
Opening Balance	498.77	366.30
Add: Provision made during the year	212.00	156.70
Less : Write -off / write-back of excess provisions during the year	(419.99)	(24.23)
Closing balance	**290.78**	**498.77**

* Includes mark to market gain of ₹ 855.95 million (P.Y ₹ 465.58 million) as per IND AS

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(iii) Derivatives:

(a) Forward Rate Agreement / Interest Rate Swap

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
The notional principal of Forward/swap agreements	47,603.82	280.00
Losses which would be incurred if counterparties failed to fulfill their obligation under the agreements	-	-
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	-	-
The fair value of swap book	2,137.58	6.59

(b) Exchange traded Interest Rate "IR" derivatives

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Notional principal amount of exchange traded IR derivatives undertaken		
- Forward Rate agreements	280.30	-
Total	**280.30**	**-**
Notional principal amount of exchange traded IR derivatives outstanding		
- Forward Rate agreements	280.30	-
Total	**280.30**	**-**
Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
Mark to market value of exchange traded IR derivative outstanding and not highly effective	15.37	-

(c) Disclosures on Risk Exposure in Derivatives

(I) Qualitative disclosure:

a) Structure and organization for management of risk in derivatives trading:

The Board of Directors, the Asset Liability Management Committee (ALCO), the Risk Management Committee (RMC) and the Market Risk Management Department are entrusted with the management of risks in derivatives.

The philosophy and framework for the derivative business is laid out in the Board approved policies including limits. It also reviews the market risk exposures of derivatives against the limits. The Risk Management Committee reviews all risks on a consolidated basis and also reviews Stress Testing.

The monitoring and measurement of risk in derivatives is carried out by the Market Risk Management Department. The Market Risk Management Department is independent of the Treasury Front office back office and directly reports into the Group Chief Risk Officer.

b) Scope and nature of risk measurement, risk reporting and risk monitoring systems:

All significant risks of the derivative portfolio are monitored and measured daily. The Market Risk Management Department measures and reports Market Risk metrics like VaR, PV01, Option Greeks like Delta, Gamma, Vega, Theta, Rho, etc. The Credit Risk from the derivatives portfolio is also measured daily.

The Market Risk Management Department monitors these exposures against the set limits and also reviews profitability on a daily basis. MIS is sent to relevant teams on a periodic basis. Exception reports are also sent so that emerging risks are reviewed and managed on a timely basis. Stress testing is also performed on the Derivative portfolio.

c) Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:

The Board Approved 'Hedging Policy' details the hedging strategies, hedging processes, accounting treatment, documentation requirements and effectiveness testing for hedges.

Hedges are monitored for effectiveness periodically, in accordance with the Board Approved Policy.

d) Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index/ Stock Futures/Currency Futures/Interest Rate Futures and/or Equity Index/Stock Options/ Currency Options as the case may be ("Derivatives Portfolio") which are released on final settlement/squaring-up of underlying contracts are disclosed under the head "Other Current Assets".

"Equity Index/Stock Option/Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Derivatives Portfolio, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. On settlement or squaring up of Derivatives Portfolio before expiry, the premium, prevailing in "Equity Index/Stock Option/Currency Option Premium Account" on that date is recognized in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market/Unrealised Profit/(Loss) on all outstanding Derivative portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis with net unrealized losses on scrip basis being recognized in the Statement of Profit and Loss.

(II) Quantitative Disclosure

(₹ in Millions)

Particulars	2019-2020		2018-2019	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
Derivatives (Notional Principle Amount):				
- For hedging *	40,648.82	6,955.00	280.00	-
Marked to market positions:				
a) Asset	2,405.21	-	-	-
b) Liability	-	267.63	6.59	-
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

* The Company has not opted for hedge accounting under IND AS 109 as the formal designation and documentation of hedging relationship at the inception changed later in the year. However, since the cash flows of the underlying borrowing and the derivative contract is back to back with the same counterparty, it offers economic hedge, and accordingly, the gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(iv) Disclosures pertaining to securitisation transactions

The Company sells loans through securitisation and direct assignment.

(A) The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below:

(₹ in Millions)

Particulars	March 31, 2020	March 31, 2019
Total number of loan assets under par structure	416,055	184,570
Total book value of loan assets	34,088.37	13,335.89
Sale consideration received	34,088.37	13,335.89

(B) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(₹ in Millions)

Particulars	March 31, 2020	March 31, 2019
No. of SPVs sponsored by the company for securitisation transactions	17	2
Total amount of securitised assets as per the books of SPVs sponsored by the company	13,005.13	4,474.06
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet	-	-
Other amount of Securitised assets as per the books of SPV sponsored by the company	9,400.47	-
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	737.10	-
b) On - Balance Sheet Exposures		
First Loss	1,978.26	517.50
Investment in PTC	-	-
Overcollateralisation	843.04	-
Amount of exposures to securitisation transaction other than MRR	357.38	-
a) Off - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	-	-
Others	-	-
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	-	-
Others	-	-
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(C) The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Total number of loan assets under par structure	1,159,950.00	932,082.00
Total book value of loan assets	62,132.09	60,589.67
Sale consideration received	62,132.09	60,589.67

(D) The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
No. of transactions assigned by the Company	21	24
Total amount outstanding	32,679.99	26,130.90
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet	3,272.17	2,600.54
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	-	-
Exposures to own assigned transactions	-	-
Amount of exposures to assigned transaction other than MRR	-	-
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	-	-
Others	-	-
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	-	-
Others	-	-
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(E) Details of Financial Assets sold to Securitisation/ Reconstruction Company for Assets Reconstruction:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Number of accounts	-	-
Aggregate value (net of provisions) of accounts sold to SC/RC	-	-
Aggregate consideration	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate loss over net book value	-	-

The aforementioned disclosure excludes sale of Non Performing Assets given in F (ii) below.

(F) Details of non - performing financial assets purchased/ sold:

i. Details of non-performing financial assets purchased:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Number of accounts purchased during the year	-	-
Aggregate outstanding	-	-
Of these, number of accounts restructured during the year	-	-
Aggregate outstanding	-	-

ii. Details of non-performing financial assets sold:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Number of accounts sold	-	30.00
Aggregate outstanding	-	260.70
Aggregate consideration received	-	158.60

* Note: The above excludes divestment of Mortgage Financing business and Microfinance business in the current year and Vehicle Financing business in the previous year on slump sale basis.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(v) Asset liability management maturity pattern

(₹ in Millions)

Particulars	As at March 31, 2020								
	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	6,290.05	5,672.72	8,009.04	22,528.62	40,285.16	51,747.85	6,091.04	1,694.14	142,318.62
Investments	5,221.03	-	-	-	1,290.40	-	116.33	12,957.71	19,585.47
Borrowings**	8,880.57	1,184.05	5,183.22	7,257.44	31,386.32	41,328.34	41,039.42	5,163.03	141,422.39
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

(₹ in Millions)

Particulars	As at March 31, 2019								
	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	17,641.19	15,611.18	8,048.44	8,053.43	27,003.82	33,931.53	8,157.24	3,257.04	121,703.87
Investments	-	-	-	470.79	1,521.21	-	-	11,060.71	13,052.71
Borrowings**	24,941.77	13,230.79	9,003.62	5,732.48	10,731.92	43,355.03	18,091.46	5,224.07	130,311.14
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

*EIR on borrowings and advances has been considered in the last bucket. The ECL provision has been netted off against balance available in the highest bucket of loans i.e: 3-5 years

**Includes borrowings in foreign currency

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditor.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(vi) Exposure to Real Estate Sector

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
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.	31,094.54	38,655.60
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residential building, multi tenanted commercial premises. Industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based limits.	5,150.12	4,447.65
(iii) Investments in Mortgage back securities (MBS) and other securitised exposure-		
(a) Residential	-	-
(b) Commercial real estate	-	-
Total Direct Exposure (A)	**36,244.66**	**43,103.25**
b) Indirect Exposure (B)	**28,332.31**	**36,500.59**
Total Exposure to Real Estate Sector (A+B)	**64,576.97**	**79,603.84**

Note: Exposure includes amount outstanding including principal and interest overdue but excluding sanctioned undisbursed amounts.

(vii) Exposure to Capital Market:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Direct investment in equity shares, convertibles bonds, convertible debentures and unit of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,879.46	667.60
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investments in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and unit of equity-oriented mutual funds;	902.53	4,429.43
(iii) Advances for any other purpose where shares or convertible bonds or convertibles debentures or units of equity-oriented mutual funds are taken as primary security;	1,544.08	2,345.75
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or unit or 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 stockbroker and market makers;	-	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(vi) Loan 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)	68.77	834.46
Total Exposure to Capital Market	**4,394.84**	**8,277.24**

Note:

(a) Exposure includes amount outstanding including principal and interest overdue.

(b) The above excludes direct equity and debt investment in own subsidiary companies.

(viii) Details of penalties imposed by RBI or other regulators:

No penalty has been imposed during the year by RBI or other regulators.

(ix) Details of Credit Ratings:

A) Ratings assigned by Credit rating agencies:

(₹ in Millions)

Rating Agency	Product	As at March 31, 2020		As at March 31, 2019	
		Amount	Rating assigned	Amount	Rating assigned
CARE Ratings Limited	Non Convertible Debenture^	16,300	" CARE AA; Stable [Double A; Outlook: Stable] "	16,300	" CARE AA; Stable [Double A; Outlook: Stable] "
CARE Ratings Limited	Long Term Bank Facilities^	20,000	" CARE AA; Stable [Double A; Outlook: Stable] "	20,000	" CARE AA; Stable [Double A; Outlook: Stable] "
CARE Ratings Limited	Preference Shares	500	" CARE AA(RPS); Stable [Double A (RPS); Outlook: Stable] "	500	" CARE AA(RPS); Stable [Double A (RPS); Outlook: Stable] "
CARE Ratings Limited	Subordinate Debt^	2,000	" CARE AA; Stable [Double A; Outlook: Stable] "	2,000	" CARE AA; Stable [Double A; Outlook: Stable] "
ICRA Limited	Long term Debt Programme^	25,100	[ICRA]AA (negative); outstanding	25,100	[ICRA]AA (Stable)
ICRA Limited	Secured NCD Programme^	20,000	[ICRA]AA (negative); outstanding	20,000	[ICRA]AA (Stable)
ICRA Limited	Un-secured NCD Programme^	5,000	[ICRA]AA (negative); outstanding	5,000	[ICRA]AA (Stable)
ICRA Limited	Non Convertible Debentures Programme^	50,000	[ICRA]AA (negative); outstanding	50,000	[ICRA]AA (Stable)
ICRA Limited	Commercial Paper programme^	80,000	[ICRA]A1+; outstanding	80,000	[ICRA]A1+
ICRA Limited	Subordinate Debt Programme^	10,000	[ICRA]AA (negative); outstanding	10,000	[ICRA]AA (Stable)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Rating Agency	Product	As at March 31, 2020		As at March 31, 2019	
		Amount	Rating assigned	Amount	Rating assigned
ICRA Limited	Long Term Bank Lines^	57,750	[ICRA]AA (negative); outstanding	57,750	[ICRA]AA (Stable)
ICRA Limited	Long Term Principle Protected Equity Linked Debenture Programme^	5,000	PP-MLD[ICRA] AA (negative); outstanding	5,000	PP-MLD[ICRA]AA (Stable)
ICRA Limited	Long Term Principle Protected Market Linked Debenture Programme^	5,000	PP-MLD[ICRA] AA (negative); outstanding	5,000	PP-MLD[ICRA]AA (Stable)
ICRA Limited	Commercial Paper programme (IPO financing)^	80,000	" [ICRA]A1+; assigned/ outstanding "	-	-
CRISIL Limited	Non Convertible Debentures^	3,250	CRISIL AA/Stable (Reaffirmed)	5,000	CRISIL AA/Stable
CRISIL Limited	Non Convertible Debentures ^*	50,000	CRISIL AA/Stable (Reaffirmed)	50,000	CRISIL AA/Stable
CRISIL Limited	Subordinate Debt^	4,983.70	CRISIL AA/Stable (Reaffirmed)	10,000	CRISIL AA/Stable
CRISIL Limited	Long Term Principal Protected Market Linked Debentures^	15,000	CRISIL PP-MLD AAr/Stable (Reaffirmed)	5,000	CRISIL PP-MLD AAr/Stable
CRISIL Limited	Commercial Paper programme (IPO financing)^	80,000	CRISIL A1+ (Reaffirmed)	60,000	CRISIL A1+
CRISIL Limited	Commercial Paper^	80,000	CRISIL A1+ (Reaffirmed)	80,000	CRISIL A1+
CRISIL Limited	Total Bank Loan Facilities Rated^ (Long Term Rating)	20,000	CRISIL AA/Stable (Reaffirmed)	-	-
Brickwork Ratings	NCDs (Public Issue)^*	50,000	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative	50,000	BWR AA+ (Stable)
Brickwork Ratings	Secured NCD^	500	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative	500	BWR AA+ (Stable)
Brickwork Ratings	Unsecured Subordinated NCD^	350	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative	350	BWR AA+ (Stable)
Moody's	Corporate family rating (CFR)	NA	Ba3 / Stable	-	-
Moody's	Long-term foreign- and local-currency senior secured ratings to USD 1 billion Medium Term Note (MTN) program.	USD 1000	Ba3 / Stable	-	-
Fitch	Long-Term Issuer Default Rating (IDR)	NA	B+ / Negative Watch	-	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Rating Agency	Product	As at March 31, 2020		As at March 31, 2019	
		Amount	Rating assigned	Amount	Rating assigned
Fitch	Senior secured notes issued under USD 1 billion Medium Term Note (MTN) Programme	USD 1000	B+ / Negative Watch	-	-

^Transferred from India Infoline Finance Limited to IIFL Finance Limited

*Interchangeable between secured and subordinated debt.

B) Details of migration of credit ratings during the year:

Rating Agency	Product	Rating assigned	Migration in ratings during the year
ICRA Limited	Long term Debt Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Secured NCD Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Un-secured NCD Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Non Convertible Debentures Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Commercial Paper programme^	[ICRA]A1+; outstanding	Change in outlook from ICRA A1+ to ICRA A1+ (Outstanding)
ICRA Limited	Subordinate Debt Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Long Term Bank Lines^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Long Term Principle Protected Equity Linked Debenture Programme^	PP-MLD[ICRA] AA (negative); outstanding	Change in outlook from PP-MLD[ICRA] AA (stable); outstanding to PP-MLD[ICRA] AA (negative); outstanding
ICRA Limited	Long Term Principle Protected Market Linked Debenture Programme^	PP-MLD[ICRA] AA (negative); outstanding	Change in outlook from PP-MLD[ICRA] AA (stable); outstanding to PP-MLD[ICRA] AA (negative); outstanding
Brickwork Ratings	NCDs (Public Issue)^*	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative	Change in outlook from BWR AA+ Stable to BWR AA+ Negative
Brickwork Ratings	Secured NCD^	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative	Change in outlook from BWR AA+ Stable to BWR AA+ Negative
Brickwork Ratings	Unsecured Subordinated NCD^	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative	Change in outlook from BWR AA+ Stable to BWR AA+ Negative

(x) During the year, company has received Certificate of Registration from the Reserve Bank of India as Non – Banking Financial institution without accepting public deposits under section 45-IA of Reserve Bank of India Act, 1934 pursuant to merger of India Infoline Finance Limited with IIFL Finance Limited wef March 30, 2020

(xi) Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2020 & March 31, 2019 following are having Nil disclosure:

a. Draw down from reserves.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

b. Overseas assets (for those with joint ventures and subsidiaries abroad).

c. Off- Balance Sheet SPVs sponsored.

d. Financing of parent company products.

e. Postponement of revenue recognition.

(xii) The Company during the year ended has not exceeded single borrower limit (SGL)/ group borrower limit (GBL) while performing its lending operations.

(xiii) Remuneration paid to Non Executive Directors:

(₹ in Millions)

Name of the Director	2019-2020	2018-2019
Mr. V. K Chopra	2.23	2.17
Mrs. Geeta Mathur	2.01	2.79
Mr. Nilesh Vikamsey	2.20	2.28
Mrs. Shubhalakshmi Panse	-	0.06
Mr. Subbaraman Narayan	0.12	1.09
Mr. Arun Kumar Purwar	1.39	1.35
Mr. Kranti Sinha	0.20	1.45
Total	**8.15**	**11.19**

(xiv) Details of Provisions and Contingencies

(₹ in Millions)

Particulars	2019-2020	2018-2019
Provision for depreciation on investment	290.78	498.77
Provision towards non performing advances	(42.52)	709.46
Other Provision and Contingencies:		
Bad debts written off/(back)	3,540.74	3,246.66
Provision for Contingencies/Other financial assets	42.83	27.16
Provision for Standard Assets	(676.58)	(725.03)
Total	**3,155.25**	**3,757.02**
Provision made towards Income Tax	878.32	1,719.94

(xv) Details of concentration of advances, exposures & NPA:

a) Concentration of Advances

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Total advances to twenty largest borrowers	29,237.60	29,753.65
Percentage of advances to twenty largest borrowers to total advances	22.29%	24.18%

b) Concentration of Exposures

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers / customers	29,900.14	29,902.08
Percentage of exposure to twenty largest borrowers / customers to total exposure	22.53%	24.04%

Note: Exposure includes amount outstanding including principal and interest overdue.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

c) Concentration of NPAs

(₹ in Millions)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Total exposure to top four NPA accounts	2,481.73	2,555.26

d) Details of sector-wise NPA:

(₹ in Millions)

	% of NPAs to total advances in that sector	
Sector	**As at March 31, 2020**	**As at March 31, 2019**
Agriculture & allied activities	0.00%	2.70%
MSME	5.36%	3.10%
Corporate borrowers	4.57%	5.33%
Services	0.00%	6.49%
Unsecured personal loans	3.18%	3.80%
Auto Loans	0.00%	0.00%
Other loans*	1.50%	2.00%

*Other loans include all loans that cannot be classified under any of the other sectors.

(xvi) Movement of NPAs:

(₹ in Millions)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
(i) Net NPAs to Net Advances (%)	0.81%	0.73%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	5,022.41	4,813.23
(b) Addition during the year	4,608.95	3,509.98
(c) Reduction during the year	(4,182.64)	(3,300.80)
(d) Closing balance	5,448.72	5,022.41
(iii) Movement of Net NPAs		
(a) Opening balance	884.40	1,415.82
(b) Addition during the year	928.52	542.13
(c) Reduction during the year	(655.61)	(1,073.55)
(d) Closing balance	1,157.31	884.40
(iv) Movement of provision for NPAs (excluding provision on standard assets)		
(a) Opening balance	4,138.01	3,397.41
(b) Addition during the year	3,680.43	2,967.85
(c) Reduction during the year	(3,527.03)	(2,227.25)
(d) Closing balance	4,291.41	4,138.01

Note: The above has been computed basis EAD for credit impaired advances.

(xvii) Disclosure of Complaints:

(₹ in Millions)

Particulars	**2019-2020**	**2018-2019**
i. Number of complaints pending at the beginning of year	8	-
ii. Number of complaints received during the year	694	418
iii. Number of complaints redressed during the year	697	410
iv. Number of complaints pending at the end of the year	5	8

Note: It excludes any customer complaints received and redressed by Fintech Partners of the Company

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(xviii) Disclosure of restructured accounts

Details for 2019-20

(₹ in Millions)

Sr. No.	Type of Restructuring Asset Classification		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					Total
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY 2019 (opening figures)*	No. of borrowers	-	-	-	-	-	77	11	1	2	91	91
		Amount outstanding	-	-	-	-	-	70.09	60.52	0.08	3.73	134.42	134.42
		Provision thereon	-	-	-	-	-	3.91	28.33	0.02	3.30	35.56	35.56
2	Fresh restructuring during the year 2019-2020	No. of borrowers	-	-	-	-	-	497	102	8	795	1,402	1,402
		Amount outstanding	-	-	-	-	-	229.73	75.39	76.58	330.31	712.01	712.01
		Provision thereon	-	-	-	-	-	20.81	52.15	38.75	279.76	391.47	391.47
3	Upgradations to restructured standard category during the FY 2019-2020	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
4	Increase / Decrease in existing restructured accounts[1]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	(4.03)	-	-	(0.15)	(4.18)	(4.18)
		Provision thereon	-	-	-	-	-	(0.22)	-	-	(0.14)	(0.36)	(0.36)
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2018 and hence need not be shown as restructured standard advances at the beginning of the next FY 2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during the FY 2019-2020[2]	No. of borrowers	-	-	-	-	-	(39)	(10)	12	37	-	-
		Amount outstanding	-	-	-	-	-	(39.27)	(60.45)	73.40	20.60	(5.72)	(5.72)
		Provision thereon	-	-	-	-	-	(2.18)	(28.31)	36.16	16.65	22.32	22.32
7	Fully recovered / Write-offs of restructured accounts during the FY 2019-2020	No. of borrowers	-	-	-	-	-	(65)	(6)	(1)	(6)	(78)	(78)
		Amount outstanding	-	-	-	-	-	(36.86)	(2.16)	(0.08)	(1.64)	(40.74)	(40.74)
		Provision thereon	-	-	-	-	-	(5.43)	(1.84)	(0.02)	(1.52)	(8.81)	(8.81)
8	Restructured Accounts as on March 31 of the FY 2020(closing figures)*	No. of borrowers	-	-	-	-	-	470	97	20	828	1,415	1,415
		Amount outstanding	-	-	-	-	-	219.66	73.30	149.98	352.85	795.80	795.80
		Provision thereon including provision for diminution in fair value	-	-	-	-	-	16.89	50.33	74.91	298.05	440.18	440.18

Details of MSME Accounts Restructured as per instructions given by RBI in its circular dated January 1, 2019

No. of Accounts Restructured	Amount (₹ in million)
468	218.01

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(xviii) Disclosure of restructured accounts

Details for 2018-19

(₹ in Millions)

Sr. No.	Type of Restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
	Details												
1	Restructured Accounts as on April 1 of the FY 2018 (opening figures)*	No. of borrowers	-	-	-	-	-	-	6	1	-	7	7
		Amount outstanding	-	-	-	-	-	-	3.42	0.09	-	3.51	3.51
		Provision thereon	-	-	-	-	-	-	0.03	0.00	-	0.03	0.03
2	Fresh restructuring during the year 2018-2019	No. of borrowers	-	-	-	-	-	77	14	-	2	93	93
		Amount outstanding	-	-	-	-	-	70.09	65.93	-	3.73	139.75	139.75
		Provision thereon	-	-	-	-	-	3.91	29.84	-	3.30	37.05	37.05
3	Upgradations to restructured standard category during the FY 2018-2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
4	Increase / Decrease in existing restructured accounts	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	(-)	-	(-)	(-)
		Provision thereon**	-	-	-	-	-	-	-	0.02	-	0.02	0.02
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2018 and hence need not be shown as restructured standard advances at the beginning of the next FY 2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during the FY 2018-2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
7	Fully recovered / Write-offs of restructured accounts during the FY 2018-2019	No. of borrowers	-	-	-	-	-	-	(9)	-	-	(9)	(9)
		Amount outstanding	-	-	-	-	-	-	(8.83)	-	-	(8.83)	(8.83)
		Provision thereon	-	-	-	-	-	-	(1.54)	-	-	(1.54)	(1.54)
8	Restructured Accounts as on March 31 of the FY 2019(closing figures*)	No. of borrowers	-	-	-	-	-	77	11	1	2	91	91
		Amount outstanding	-	-	-	-	-	70.09	60.52	0.09	3.73	134.43	134.43
		Provision thereon including provision for diminution in fair value	-	-	-	-	-	3.91	28.33	-	3.30	35.54	35.54

*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

[1]PD & LGD rate of last year has been considered for calculation

[2]For accounts which have transitioned from one asset category to another, Mar'19 provision has been considered for previous asset category and Mar'20 Provision has been considered for updated asset category

Details of MSME Accounts Restructured as per Instructions given by RBI in its circular dated January 1, 2019

No. of Accounts Restructured	Amount (₹ in millions)
77	70.09

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(xix) Asset Classification

(₹ in millions)

Particulars	Outstanding Balance	Provision*
Standard Assets	147,494.10	3,140.99
	(130,403.15)	(3,839.55)
Sub-Standard Assets	4,752.36	3,848.25
	(4,371.79)	(3,739.99)
Doubtful Assets	696.36	443.16
	(650.62)	(398.02)
Loss Assets	-	-
	-	-

Note:

a. ECL provisioning for Stage 1,2 & SICR of ₹ 3,140.99 millions (P.Y ₹ 3,839.55 millions) include interest accrued but not due and Interest overdue of ₹ 218.2 millions (P.Y ₹ 827.68 millions).

b. Asset classification is as per Reserve Bank of India guidelines and provision is as per Expected Credit Loss methodology as per IND AS which is higher than the minimum required as per prudential norms.

c. As the ECL provisions is higher than provision required under IRACP (Income Recognition, Assets Classification & Provisioning, there is no requirement to create Impairment allowance.

d. Figures in bracket represent previous year's figures.

(xx) Particulars as per RBI Directions as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016:

1. Loans and advances availed by the NBFCs inclusive of interest accrued there on but not paid:

(₹ in Millions)

Particulars	March 31, 2020				March 31, 2019			
	Principal Amount outstanding	Interest Accrued but not due	Amount overdue	Total	Principal Amount outstanding	Interest Accrued but not due	Amount overdue	Total
Liability side:								
a) Debentures								
Secured	27,716.48	1,197.73	-	28,914.21	37,404.65	1,518.93	-	38,923.58
Unsecured (other than falling within the meaning of public deposits)	15,555.02	749.05	-	16,304.07	8,600.32	581.16	-	9,181.48
(b) Deferred credits	-		-	-	-	-	-	-
(c) Term loans	30,984.55	55.01	-	31,039.56	37,610.64	71.20	-	37,681.84
Term Loans from Financial Institution	7,463.80	54.78	-	7,518.58	-	-	-	-
Secured Medium Term Notes	28,967.38	306.57	-	29,273.95	-	-	-	-
(d) Inter–corporate loans and borrowings	500.00	-	-	500.00	-	-	-	-
(e) Commercial Paper	-	-	-	-	34,712.03	-	-	34,712.03
(f) Other Loans (Overdraft)	7,829.56	22.61	-	7,852.17	7,512.78	-	-	7,512.78
(g) Securitisation	22,405.61	-	-	22,405.61	4,470.72	-	-	4,470.72
Total	**141,422.39**	**2,385.75**	**-**	**143,808.15**	**130,311.14**	**2,171.29**	**-**	**132,482.43**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

2. Break – up of Loans and Advances including Bills Receivables [Other than included in (4) below]:

(₹ in Millions)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Assets side (Gross Value)		
(a) Secured	1,11,065.27	104,099.96
(b) Unsecured	38,492.28	25,344.32
Total	**1,49,557.55**	**129,444.28**

Note: The above includes overdue principal.

3. Break- up of leased assets and stock on hire and other assets counting towards AFC activities:

(₹ in Millions)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
(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 AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

4. Break–up of Investments (Net of Provisions):

(₹ in Millions)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Current Investments :		
1 Quoted :		
(i) Shares:		
(a) Equity	824.63	-
(b) Preference	-	-
(ii) Debentures and Bonds	0.23	610.65
(iii) Units of mutual funds	-	-
(iv) Government Securities		
(v) Others (Certificate of Deposits)	-	-
IRB InvIT	18.76	771.27
2 Unquoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(ii) Debentures and Bonds	447.01	470.79
(iii) Units of mutual funds	-	76.10
(iv) Government Securities	5,220.80	-
(v) Others (please specify)	-	-
Alternative Investment Funds	-	63.19
Total	**6,511.43**	**1,992.00**

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 of subsidiary companies	11,969.21	10,469.21
(b) Preference of subsidiary companies	-	-
(ii) Debentures and Bonds		
(iii) Units of mutual funds	66.32	
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Alternative Investment Funds	50.01	-
Equity Shares	988.50	591.50
Total (A)	**13,074.04**	**11,060.71**
Grand Total (A+B)	**19,585.47**	**13,052.71**

5. BORROWER GROUP-WISE CLASSIFICATION OF ALL ASSETS FINANCED AS IN (2) AND (3) ABOVE:

(₹ in Millions)

Category	As at March 31,2020			As at March 31,2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties	**-**	**2,758.50**	**2,758.50**	**-**	**817.50**	**817.50**
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	817.50	817.50
c) Other related parties	-	2,758.50	2,758.50	-	-	-
2. Other than related parties	111,065.27	35,733.78	146,799.05	104,099.96	24,526.82	128,626.78
Total	**111,065.27**	**38,492.28**	**149,557.55**	**104,099.96**	**25,344.32**	**129,444.28**

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

6. INVESTOR GROUP WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND LONG TERM) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED):

(₹ in Millions)

Category	As at March 31,2020		As at March 31,2019	
	Market Value	Book value	Market Value	Book value
	Breakup or fair value or NAV*	(Net of provisions)	Breakup or fair value or NAV	(Net of provisions)
1. Related Parties				
a) Subsidiaries*	12,416.22	12,416.22	10,940.00	10,940.00
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	7,169.25	7,169.25	2,112.71	2,112.71
Total	**19,585.47**	**19,585.47**	**13,052.71**	**13,052.71**

* Includes Investments in equity shares of subsidiaries carried at amortised cost and fair value is not disclosed

7. OTHER INFORMATION:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	5,448.72	5,022.41
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	1,157.31	884.40
(iii) Assets acquired in satisfaction of debt (Fair Value)	1,352.18	1,366.15

(xxi) Particulars as per RBI Directions for auction details (As required in terms of paragraph 26 (4)(d) of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Number of gold loan accounts	38,682	40,366
Outstanding amount (₹ millions)	1,200.31	1,395.10
Amount recovered in auction (₹ millions)	1,487.55	1,590.60

None of the group companies have participated in the above auctions. The above details have been compiled by the Management and relied upon by the auditors.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 44. UNHEDGED FOREIGN CURRENCY EXPOSURE:

The unhedged foreign currency exposure as on March 31, 2020 is Nil (P.Y Nil).

Note: As at the Balance Sheet date the Company had open derivatives contracts of USD 2,643,750 (P.Y Nil) without any corresponding financial instruments. The Company has subsquently cancelled the same on May 26, 2020.

NOTE 45. GOLD LOAN PORTFOLIO

As on March 31, 2020 the gold loan portfolio comprises 32.85% (P.Y. 25.81%) of the total assets of the Company.

NOTE 46. SEGMENT REPORTING

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

NOTE 47. SHARED SERVICES

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

NOTE 48. FRAUD

During the year under review, the Company had come across frauds totalling to ₹ 13.11 millions /- (P.Y ₹ 15.06 millions/-) in respect of its lending operations. Out of the above, frauds amounting to ₹ 0.57 millions/- (P.Y ₹ 2.87 millions/-) has already been recovered. Suitable action has been taken by the Company to recover the balance amounts.

(The above information for individual frauds exceeding ₹ 100,000 has been compiled from Fraud Monitoring Return filed with the RBI)

The above information has been compiled by the Management and relied upon by the auditors.

NOTE 49. 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)

Name of Related Party	Outstanding as on March 31, 2020	Maximum Outstanding during the year
5paisa Capital Limited	1,000.00	1,000.00
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	320.00
IIFL Home Finance Limited	-	600.00
IIFL Securities Limited (Formerly India Infoline Limited)	-	890.00
IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)	1,758.50	3,520.00
Samasta Microfinance Limited	-	610.00

(₹ in Millions)

Name of Related Party	Outstanding as on March 31, 2019	Maximum Outstanding during the year
5paisa Capital Limited	-	350.00
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	290.00	790.00
IIFL Home Finance Limited	-	350.00
IIFL Securities Limited (Formerly India Infoline Limited)	-	5,000.00
IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)	527.50	15,640.00
Samasta Microfinance Limited	-	748.62

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 50. DISCLOSURE PURSUANT TO SEBI CIRCULAR NO. SEBI/HO/DDHS/CIR/P/2018/144 DATED NOVEMBER 26, 2018 FOR FUND RAISING BY ISSUANCE OF DEBT SECURITIES BY LARGE ENTITIES:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings Outstanding having original maturity more than 1 year (excluding External Commercial Borrowings)	70,845.45	78,954.89
Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	BWR AA+ (Pronounced as BWR Double A Plus) Outlook: Negative by Brickwork Ratings India Pvt Ltd	BWR AA+ (Pronounced as BWR Double A Plus) Outlook: Stable by Brickwork Ratings India Pvt Ltd
	ICRA AA (Pronounced as ICRA Double A) Outlook: Negative by ICRA Ltd '	
	CARE AA (Pronounced as CARE Double A) Outlook: Negative by CARE Ratings Ltd"	
	CRISIL AA (Pronounced as CRISIL Double A) Outlook: Stable by CRISIL Ltd	

(₹ in Millions)

Details of the borrowings	2019-20
i. Incremental borrowing done (a)	20,352.37
ii. Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	5,088.09
iii. Actual borrowings done through debt securities in FY (c)	12,352.37
iv. Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c) {If the calculated value is zero or negative, write ""nil""}	Nil
v. Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

NOTE 51. Public disclosure on liquidity risk:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Number of Significant Counterparties	Amount*	% of Total deposits	(₹ in millions)
16	86,252.44	NA	54.75%

Note : Total Liabilities represent Total Liabilities as per Balance Sheet less Total Equity

(ii) Top 20 large deposits : N.A.

(iii) Top 10 borrowings

Amount*	% of Total Borrowings
71,175.98	50.09%

*The above table excludes details of beneficiary holders of the medium term note bonds as at March 31,2020

(iv) Funding Concentration based on significant instrument/product

Name of the instrument/product	Amount	% of Total Liabilities
Non Convertible Debentures	72,238.88	45.85%
Term Loans	38,448.35	24.41%
Securitisation	22,405.61	14.22%
Cash Credit / Overdraft Facilities	7,829.56	4.97%

Note : Total Liabilities represent Total Liabilities as per Balance Sheet less Total Equity

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(v) Stock Ratios:

Stock Ratio	Percentage
Commercial papers as a % of total liabilities	Nil
Commercial papers as a % of total assets	Nil
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	33.13%
Other short-term liabilities* as a % of total assets	26.95%

*Short Term liabilities means total of current liabilities as per note 42.1 to the financial statements as reduced by current portion of Debt Securities and Subordinated Liabilities.

(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.

NOTE 52. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/220 DOR.NO.BP.BC.63/21.04.048/2019-20:

(₹ in millions)

(i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended (Granted a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 ('moratorium period'):	**11,261.75**

(ii) Respective amount where asset classification benefits is extended due to moratorium: Loan assets worth ₹ 1,999.34 million were classified as standard assets instead of Stage 3 assets due to moratorium.

(iii) Provisions created as the per above circular.

(₹ in millions)

Particular	Amount
Total Provision	563.09

NOTE 53. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/170 DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as per required under Ind AS 109	Net Carrying Amount	Provision 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)**
Standard	Stage 1	136,805.10	2,428.66	134,376.44	843.71	1,584.95
	Stage 2	6,218.77	518.87	5,699.90	227.98	290.89
Subtotal		**143,023.87**	**2,947.53**	**140,076.34**	**1,071.69**	**1,875.84**
Non Performing Assets (NPA)						
Substandard (Sub- Total -(A))	Stage 3	4,752.36	3,848.25	904.11	359.58	3,488.67
Doubtful						
Upto 1 Year	Stage 3	334.66	204.81	129.85	100.22	104.59

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as per required under Ind AS 109	Net Carrying Amount	Provision 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)**
1 to 3 years	Stage 3	270.30	164.49	105.81	112.28	52.21
More than 3 years	Stage 3	91.40	73.85	17.55	39.80	34.05
Doubtful (Sub- Total -(A))		**696.36**	**443.15**	**253.20**	**252.30**	**190.86**
Loss (Sub- Total -(A))	Stage 3	-	-	-	-	-
Subtotal of NPA (Sub- Total -(A+B+C))		**5,448.72**	**4,291.41**	**1,157.31**	**611.88**	**3,769.53**
Other items such as guarantees, loan commitments, etc, which are in the scope of Ind AS 109 but not covered under current income Recognition, Assets Classifications and Provisioning (IRACP) norms	Stage 1	4,213.59	105.41	4,108.18	-	105.41
	Stage 2	256.65	88.05	168.60	-	88.05
	Stage 3	-	-	-	-	-
Subtotal		**4,470.24**	**193.46**	**4,276.78**	**-**	**193.46**
Total	Stage 1	141,018.69	2,534.07	138,484.62	843.71	1,690.36
	Stage 2	6,475.42	606.92	5,868.49	227.98	378.94
	Stage 3	5,448.72	4,291.41	1,157.31	611.88	3,679.53
	Total	**152,942.83**	**7,432.40**	**145,510.43**	**1,683.57**	**5,748.82**

NOTE 54. THESE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE BY THE COMPANY'S BOARD OF DIRECTORS ON MAY 28, 2020.

NOTE 55. PREVIOUS YEAR'S FIGURES ARE REGROUPED, RECLASSIFIED AND REARRANGED WHEREVER CONSIDERED NECESSARY TO CONFIRM TO CURRENT YEAR'S PRESENTATION.

For and on behalf of the Board of Directors

of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

Gajendra Thakur
Company Secretary

Place: Mumbai
Dated: May 28, 2020

Independent Auditor's Report

To The Members of IIFL Finance Limited (Formerly known as IIFL Holdings Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **IIFL Finance Limited (Formerly known as IIFL Holdings Limited)** ("the Parent"/ "the Holding Company") ,its subsidiaries and trusts with residual beneficial interest, (the Parent/ Holding Company , its subsidiaries and trusts with residual beneficial interest together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of 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, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries and trusts with residual beneficial interest referred to in the Other Matters section below, the aforesaid consolidated 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made 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 obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

- We draw attention Note No. 41 to the Consolidated Financial Statements which describes the reasons for implementation of the composite scheme of arrangement amongst the Holding Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"), in Parts, based on the legal opinion obtained by the Company. The Scheme has been approved by the National Company Law Tribunal vide its order dated March 07, 2019 and filed with the Registrar of Companies on April 11, 2019.

  Subsequent to the receipt of certificate of registration by the Holding Company for carrying on business of non-banking financial institution from the Reserve bank of India on March 11, 2020, the said Scheme has been refiled with Registrar of Companies on March 30, 2020 to give effect to the final part of the Scheme.

  Our report is not modified in respect of this matter.

- We draw attention to Note 8.3 to the Consolidated Financial Statements, which fully describes that the Group has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

  Our report is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Impairment of Financial Assets held at amortised cost:** The Group exercises significant judgement using subjective 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 most significant areas are: • Impairment models: - Judgement is required to determine the inputs, methodologies, staging/restaging in case of Significant Increase in Credit Risk ("SICR") cases and assumptions and these can significantly impact the provisions held. The most significant judgements include the segmentation level at which historical loss rates are calculated, the length of the recovery period and the loss emergence period applied to historical loss provisions. • Identification of impairment: - Corporate exposures are individually assessed for impairment (including identification of cases with SICR) based on a borrower's financial performance, solvency, liquidity etc. - For Retail exposures, collective impairment allowances are calculated using models which approximate credit conditions on homogenous portfolios of loans. • 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. Since the loans and advances form a major portion of the Group's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in Indian Accounting Standard (IND AS) 109 and determining related impairment provision requirements, this is considered to be the area that had a greater focus of our overall Group audit and a key audit matter. As at March 31, 2020, the Group's total exposure at default for loans and advances amounted to ₹ 3,09,846.41 million and the related impairment provisions amounted to ₹ 10,165.62 million, comprising ₹ 4,757.90 million of provision against Stage 1 and 2 exposures and ₹ 5,407.72 million against exposures classified under Stage 3. Refer Note 37A.3 to the Consolidated Financial Statements.	**Principal audit procedure performed** • We read the Group's Ind-AS 109 based impairment provisioning policy ; • We gained an understanding of the Group's key credit processes comprising granting, booking, monitoring, staging and provisioning and tested the operating effectiveness of key controls over these processes; • We tested the completeness of loans and advances, off balance sheet items and other financial assets included in the Expected Credit Loss (ECL) calculations as of 31 March 2020; • For data from external sources, we understood the process of choosing such data, its relevance for the Group, and the controls and governance over such data; • Where relevant, we used Information System specialists to gain comfort on data integrity; • We tested the data integrity and completeness of the Staging Report; • For a sample of exposures, we tested the appropriateness of staging into Stage 1, Stage 2 and Stage 3; • For provision against exposures classified as Stage 1, Stage 2 and Stage 3, we obtained an understanding of the Group's provisioning methodology, consistency of various inputs and assumptions used, the reasonableness of the underlying assumptions and the sufficiency of the data used by the Management; • For a sample of exposures, we tested the appropriateness of determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages;

Sr. No.	Key Audit Matter	Auditor's Response
1		• For a sample of exposures, we tested the appropriateness of determining Exposure at Default (EAD); • For a sample of exposures, we tested the calculation of the Probability of Default (PD) and the Loss Given Default (LGD) used in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations; • We assessed the appropriateness of the calculation of the management overlay in response to COVID 19 related economic uncertainty. • We performed an overall 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 Group's portfolio, risk profile, credit risk management practices and the macroeconomic environment.
2	**Information Technology and General Controls** The Group is highly dependent on technology due to significant number of transactions that are processed electronically daily. Accordingly, our audit procedures had a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included Access Security (including controls over privileged access), Program Change controls and Network Operations. Absence of segregation of duties may result in a risk of intended or unintended manipulation of data that could have a material effect on the completeness and accuracy of the financial statements. Due to the pervasive nature and use of IT systems, we continued to assess the risk of a material misstatement arising from access to technology as a significant matter for the audit.	**Principal audit procedure performed** For the key IT systems used to prepare accounting and financial information: • We obtained an understanding of the Group's business IT environment and key changes if any during the audit period that may be relevant to the audit. Furthermore, we conducted a risk assessment and identified IT applications, databases and operating systems that are relevant to our audit; • We tested the design, implementation and operating effectiveness of the Group's General IT controls over the information systems that are critical to financial reporting. This included evaluation of Group's controls to ensure that access was provisioned / modified based on duly approved requests, access for exit cases was revoked in a timely manner and access of all users was re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users.

Sr. No.	Key Audit Matter	Auditor's Response
		• We tested the controls to ensure that segregation of duties was monitored and conflicting access was either removed or mapped to mitigating controls, which were documented and tested. • We tested the controls over network segmentation, restriction of remote access to the Group's network, controls over firewall configurations and mechanisms implemented by the Group to prevent, detect and respond to network security incidents. • We also tested automated business cycle controls and report logic for system generated reports relevant to the audit, for completeness and accuracy. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would impact the completeness and accuracy of data.
3	**Accounting for Composite Scheme of Arrangement** On January 31, 2018, the Board of Directors of the Holding Company approved the draft composite scheme of arrangement amongst the Holding Company, India Infoline Media & Research Services Limited, India Infoline Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited and their respective shareholders ("Scheme") under sections 230 -232 and other applicable provisions of the Companies Act 2013. The Holding Company received shareholders' approval on December 12, 2018. Further, the Company received the National Company Law Tribunal (NCLT), Mumbai approval on March 7, 2019 and filed the scheme with the Registrar of Companies (ROC), Mumbai on April 11, 2019. As at the date of filing of the Scheme with the ROC, the Holding Company had not received the final approval from the Reserve Bank of India (RBI) for transfer of Non-Banking Finance Company (NBFC) business license from India Infoline Finance Limited to the Holding Company and had requested the ROC to permit refiling of the Scheme after receipt of all the approvals. On March 11, 2020, the Holding Company received the fresh certification of registration to carry on business of Non-Banking Financial Institution without accepting Public Deposits, from the Reserve Bank of India and refiled the Scheme with the ROC, Mumbai on March 30, 2020.	**Principal audit procedure performed:** - We obtained and read the Composite Scheme of Arrangement under sections 230 and 232 and other applicable provisions of the Companies Act, 2013. - We obtained and read the NCLT order March 7, 2019 approving the scheme. - We obtained and read the letter dated April 11, 2019 filed with the ROC. - We obtained and read the certificate of registration to carry on business of Non-Banking Financial Institution without accepting Public Deposits issued by the RBI to the Holding Company on March 11, 2020 - We obtained and read the letter dated March 30, 2020 filed with the ROC. - We evaluated the management's conclusions on the accounting for the amalgamation of India Infoline Finance Limited with the Holding Company. - We performed procedures to verify the merger accounting done by the Holding Company, including their measurement and presentation in accordance with IND AS 103 and the Scheme.

Sr. No.	Key Audit Matter	Auditor's Response
	The Committee of the Board of Directors of the Holding Company, in their meeting held on March 30, 2020 decided to give effect to Part V of the Scheme dealing with Amalgamation of India Infoline Finance Limited with the Holding Company with effect from March 30, 2020 with the appointed date being April 1, 2018. Accounting for Composite Scheme of Arrangement is considered to be a key audit matter because the transaction and its accounting is non-routine and involves significant management judgements. Refer note 41 of the consolidated financial statements.	

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Director's report and Management Discussion and Analysis report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, compare with the financial statements of the subsidiaries and trusts with residual beneficial interest audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and trusts with residual beneficial interest, is traced from their financial statements/information audited by the other auditors.
- When we read the Director's report and Management Discussion and Analysis report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

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

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

Other Matters

(a) We did not audit the financial statements / financial information of two subsidiaries and two trusts with residual beneficial interest, whose financial statements / financial information reflect total assets of ₹ 36,192.59 million as at 31 March 2020, total revenues of ₹ 6,681.93 million and net cash outflows amounting to ₹ 190.21 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and trusts with residual beneficial interest, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and trusts with residual beneficial interest is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries and trusts with residual beneficial interest referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

    d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Parent as on 31 March 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 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 over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

ii) Provision has been made in the consolidated financial statements, 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 Parent and its subsidiary companies incorporated in India. Also refer note 21.1 of the consolidated financial statements.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

PALLAVI A. GORAKSHAKAR
(Partner)
(Membership No.105035)
(UDIN: 20105035AAAACZ8587)

Place: **Mumbai**
Date: 07 June 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of **IIFL Finance Limited (Formerly known as IIFL Holdings Limited)** (hereinafter referred to as "the Holding Company" / Parent") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company / Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company/Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

PALLAVI A. GORAKSHAKAR
(Partner)
(Membership No.105035)

Place: **Mumbai**
Date: 07 June 2020

Consolidated Balance Sheet

As at March 31, 2020

(₹ in Millions)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019 (See note 41)
ASSETS			
[1] Financial assets			
(a) Cash and cash equivalents	4	15,656.01	12,754.06
(b) Bank balance other than (a) above	5	16,503.17	12,462.28
(c) Derivative financial instruments	6	2,426.49	55.42
(d) Receivables			
(i) Trade receivables	7	295.22	364.00
(ii) Other receivables	7	-	20,177.78
(e) Loans	8	285,319.73	273,774.65
(f) Investments	9	7,548.29	2,123.93
(g) Other financial assets	10	3,456.10	2,042.61
		331,205.01	**323,754.73**
[2] Non-financial assets			
(a) Current tax assets (net)		2,115.98	1,633.14
(b) Deferred tax assets (net)	11	2,429.46	2,952.58
(c) Investment property	12	2,030.80	2,634.85
(d) Property, plant and equipment	13	1,141.50	1,027.80
(e) Capital work-in-progress		24.94	67.77
(f) Right of use assets	14	2,771.26	-
(g) Other intangible assets	15	12.51	23.50
(h) Other non-financial assets	16	1,679.28	294.14
		12,205.73	**8,633.78**
Total assets		**343,410.74**	**332,388.51**
LIABILITIES AND EQUITY			
Liabilities			
[1] Financial liabilities			
(a) Derivative financial instruments	6	439.18	483.33
(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	17	836.26	1,087.23
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises			-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Finance Lease obligation	14	2,913.53	-
(d) Debt securities	18	81,844.93	105,861.49
(e) Borrowings (other than debt securities)	19	167,549.42	143,813.25
(f) Subordinated liabilities	20	20,436.99	15,495.79
(g) Other financial liabilities	21	20,003.42	19,797.33
		294,023.73	**286,538.42**
[2] Non-financial liabilities			
(a) Current tax liabilities (net)		424.97	546.39
(b) Provisions	22	609.88	644.60
(c) Other non-financial liabilities	23	696.03	1,072.05
		1,730.88	**2,263.04**
Total Liabilities		**295,754.61**	**288,801.46**
[3] Equity			
(a) Equity share capital	24	756.68	638.41
(b) Incremental shares pending issuance	24	-	117.31
(c) Other equity	24.1	46,843.05	42,787.26
(d) Non-controlling interest	24.1	56.40	44.07
		47,656.13	**43,587.05**
Total Liabilities and Equity		**343,410.74**	**332,388.51**
See accompanying notes forming part of the financial statements	1 - 48		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place: Mumbai
Dated: June 07, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

Gajendra Thakur
Company Secretary

Place: Mumbai
Dated: May 28, 2020

Consolidated Statement of Profit and Loss

For the year ended March 31, 2020

(₹ in Millions)

Sr. No	Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations				
(i)	Interest income	25.1	46,193.28	47,547.47
(ii)	Dividend income	25.2	10.90	800.24
(iii)	Fees and commission income	26	1,185.06	1,310.23
(iv)	Net gain on fair value changes	27	-	120.02
(v)	Net gain on derecognition of financial instruments under amortised cost category		-	-
(I)	**Total revenue from operations**		**47,389.24**	**49,777.96**
(II)	**Other income**	28	818.05	1,070.82
(III)	**Total Income (I+II)**		**48,207.29**	**50,848.78**
Expenses				
(i)	Finance costs	29	23,968.16	25,850.43
(ii)	Net loss on fair value changes	27	650.88	-
(iii)	Net loss on derecognition of financial instruments under amortised cost category	30	3,373.27	2,824.44
(iv)	Impairment on financial instruments	31	230.39	187.29
(v)	Employee benefits expenses	32	7,460.92	6,901.08
(vi)	Depreciation, amortisation and impairment	13, 14 & 15	1,056.49	318.49
(vii)	Others expenses	33	4,215.34	4,513.94
(IV)	**Total Expenses (IV)**		**40,955.45**	**40,595.67**
(V)	**Profit before exceptional items and tax (III-IV)**		**7,251.84**	**10,253.11**
(VI)	Exceptional items	34	-	1,046.12
(VII)	**Profit before tax (V +VI)**		**7,251.84**	**11,299.23**
(VIII)	**Tax expense:**			
	(1) Current tax	35	1,778.98	2,891.55
	(2) Deferred tax	11 & 35	(17.71)	447.61
	(3) Current tax expenses relating to previous years	35	(43.19)	2.97
Total tax expense			**1,718.08**	**3,342.13**
(IX)	**Profit for the year from continuing operations (VII-VIII)**		**5,533.76**	**7,957.10**
(X)	Impact of change in the rate of opening deferred tax	11	499.03	-
(X)	**Profit for the year**		**5,034.73**	**7,957.10**
	Attributable to:			
	Owners of the Company		5,018.30	7,946.20
	Non-controlling interest		16.43	10.90
(XI)	**Other Comprehensive Income**			
	(A)			
	(i) Items that will not be reclassified to profit or loss	35	(45.42)	(4.37)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 35	11.43	2.11
	Subtotal (A)		**(33.99)**	**(2.26)**
	(B)			
	(i) Items that will be reclassified to profit or loss	35	(43.58)	(245.24)
	(ii) Income tax relating to items that will be reclassified to profit or loss	11 & 35	10.97	147.23
	Subtotal (B)		**(32.61)**	**(98.01)**
	Other Comprehensive Income (A+B)		**(66.60)**	**(100.27)**
(XII)	**Total Comprehensive Income for the year**		**4,968.13**	**7,856.83**
	Attributable to:			
	Owners of the Company		4,951.77	7,846.04
	Non-controlling interest		16.36	10.79
(XIII)	**Earnings per equity share of face value ₹ 2 each**	36		
	Basic (₹)		13.27	21.04
	Diluted (₹)		13.24	20.89
See accompanying notes forming part of the financial statements		1 - 48		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place: Mumbai
Dated: June 07, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

Gajendra Thakur
Company Secretary

Place: Mumbai
Dated: May 28, 2020

Consolidated Statement of Cash Flows

For the year ended March 31, 2020

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2020		Year ended March 31,2019 (See note 41)	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**7,251.84**		**11,299.23**
Adjustments for:					
Depreciation, amortisation and impairment	13, 14 & 15	1,056.49		318.49	
Impairment on loans	31	134.94		160.13	
Impairment on other financial instruments		56.95		25.72	
(Profit)/ loss on sale of assets		6.76		1.29	
Net (Gain)/ loss on fair value changes - realised	27	634.81		(117.37)	
Net (Gain)/ loss on fair value changes - unrealised	27	44.43		(3.02)	
Net (Gain)/ loss on derecognition of financial instruments under amortised cost	30	(1,058.39)		(681.50)	
Employee benefit expenses - share based		89.36		68.46	
Employee benefit expenses - others		105.03		112.40	
Interest on loans	25.1	(44,533.20)		(46,232.69)	
Interest on deposits with banks	25.1	(897.87)		(816.59)	
Interest on investments		(73.79)		(498.18)	
Finance cost		24,199.10		25,695.26	
Loss on buy back of commercial paper (net)		9.92		54.02	
Loss/(Gain) on buy back of debentures (net)		(581.33)		(0.79)	
Exchange fluctuation on foreign currency borrowings realised		8.31		(2.99)	
Exchange fluctuation on foreign currency borrowings unrealised		2,206.05		3.47	
MTM on derivatives financial instruments		(2,137.58)		-	
Net (gain)/ loss on future contract		(15.37)		-	
Income received on loans		44,446.93		44,913.08	
Interest received on deposits with banks		898.16		782.52	
Income received on investments		9.58		619.35	
Finance cost paid		(22,965.57)	1,643.72	(24,520.53)	(119.47)
Operating profit before working capital changes			**8,895.56**		**11,179.76**
Decrease/ (increase) in financial and non financial assets		14,029.48		(19,744.08)	
Increase in financial and non financial liabilities		1,046.94	15,076.42	1,605.09	(18,138.99)
Cash (used in)/ generated from operations			**23,971.98**		**(6,959.23)**
Taxes paid			(2,275.87)		(2,917.12)
Net cash (used in)/ generated from operating activities			**21,696.11**		**(9,876.35)**
Loans (disbursed)/ repaid (net)			(11,644.57)		14,096.50
Net cash generated from operating activities (A)			**10,051.54**		**4,220.15**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and other intangible assets			(564.64)		(682.25)
Sale of property, plant and equipment and other intangible assets			73.68		13.95
Impairment of goodwill			-		107.18
Purchase of investment property			-		(183.71)
Proceeds from investments property			20.00		-
Purchase of investments			(1,391,522.59)		(1,557,045.41)
Proceeds from sale/ maturity of investments			1,386,003.04		1,563,819.06
Deposits placed with banks			(48,367.35)		(14,071.15)
Proceeds from maturity of deposits placed with banks			45,422.00		12,123.87

Consolidated Statement of Cash Flows

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31,2019 (See note 41)
Net cash (used in)/ generated from investing activities (B)		**(8,935.86)**	**4,081.54**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share capital		20.45	32.83
Adjustment due to Composite Scheme of Arrangement on account of merger		(22.10)	9.64
Share issue expenses		-	(1.00)
Premium on issue of debentures		-	10.24
Dividend paid (including dividend distribution tax)		(986.76)	(1,917.41)
Proceeds from debt securities		196,493.61	536,998.51
Repayment of debt securities		(221,592.72)	(569,760.75)
Proceeds from borrowings (other than debt securities)		163,873.39	856,472.25
Repayment of borrowings (other than debt securities)		(141,033.88)	(823,348.75)
Proceeds from subordinated liabilities		7,036.78	6,710.09
Repayment of subordinated liabilities		(2,002.50)	(5,004.17)
Net cash generated from financing activities (C)		**1,786.27**	**201.48**
Net increase in cash and cash equivalents (A + B + C)		**2,901.95**	**8,503.17**
Add : Opening cash and cash equivalents as at the beginning of the year		**12,754.06**	**2,715.53**
Add: Cash and cash equivalents transferred through Composite Scheme of Arrangement due to scheme of merger as on April 01 2018		**-**	**1,535.36**
Cash and cash equivalents as at the end of the year	**4**	**15,656.01**	**12,754.06**
See accompanying notes forming part of the financial statements	1 - 48		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place: Mumbai
Dated: June 07, 2020

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

Gajendra Thakur
Company Secretary

Place: Mumbai
Dated: May 28, 2020

Consolidated Statement of Changes in Equity

For the year ended March 31, 2020

A. Equity Share Capital

(₹ in Millions)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2020 (refer note 24)	638.41	118.27	756.68
As at March 31, 2019 (refer note 24)	637.96	0.45	638.41

B. Other Equity

(₹ in Millions)

Particulars	Share Application Money (Note 1)	Reserves & Surplus										Total	Non-Controlling Interest
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987 (Note 6)	Capital Redemption Reserve (Note 7)	Debenture Redemption Reserve (Note 8)	Retained Earnings (Note 9)	Stock Compensation Reserve (Note 10)	Effective portion of Cash Flow Hedges (Note 11)		
Balance as at April 01, 2018	**4.16**	**-**	**10,603.07**	**577.45**	**6.80**	**962.70**	**51.11**	**1,133.80**	**5,592.27**	**52.19**	**-**	**18,983.55**	**33.28**
Addition due to Composite Scheme of Arrangement (Refer note 41.1)		(4,245.33)										(4,245.33)	
Addition due to Composite Scheme of Arrangement (Refer note 41.2)	-	4,843.93	7,630.80	463.00	3,868.50	-	2,250.00	3,845.70	(1,137.50)	19.36	-	21,783.79	-
Opening restated balance as on April 01,2018	**4.16**	**598.60**	**18,233.87**	**1,040.45**	**3,875.30**	**962.70**	**2,301.11**	**4,979.50**	**4,454.77**	**71.55**	**-**	**36,522.01**	**33.28**
Profit for the year									7,946.20			7,946.20	10.90
Remeasurement of defined benefit (net of tax)									(100.16)			(100.16)	(0.11)
Interim dividend									(1,725.75)			(1,725.75)	
Dividend distribution tax on interim dividend									(191.66)			(191.66)	
Transfer to/ from reserves	-	-	19.49	4,946.46	875.42	613.00	-	(4,465.75)	(1,968.92)	(19.70)	-	-	-
On account of merger	-	-		-	-	-	-	-	(10.34)	-	-	(10.34)	-
On account of demerger	-	240.25	-	-	-	-	-	-	1.59	(24.94)	-	216.90	-
Addition during the year	(4.16)	-	65.76	-	-	-	-			68.46	-	130.06	-
Balance as at March 31, 2019 (refer note 41)	**-**	**838.85**	**18,319.12**	**5,986.91**	**4,750.72**	**1,575.70**	**2,301.11**	**513.75**	**8,405.73**	**95.37**	**-**	**42,787.26**	**44.07**
Profit for the year									5,018.30			5,018.30	16.43
Remeasurement of defined benefit (net of tax)									(66.53)			(66.53)	(0.07)
Interim dividend									(817.05)			(817.05)	(1.46)
Dividend distribution tax on interim dividend									(167.95)			(167.95)	(0.30)
Change in Minority									2.27			2.27	(2.27)
Transfer to/ from reserves			10.26	537.74	832.22	493.00	-	(385.71)	(1,476.92)	(10.59)	-	-	
On account of merger									(25.83)			(25.83)	
Addition during the year			23.22	-		-	-			89.36	-	112.58	
Balance as at March 31, 2020	**-**	**838.85**	**18,352.60**	**6,524.65**	**5,582.94**	**2,068.70**	**2,301.11**	**128.04**	**10,872.01**	**174.14**	**-**	**46,843.05**	**56.40**

Notes:

Consolidated Statement of Changes in Equity

For the year ended March 31, 2020 (Contd.)

Notes:

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

See accompanying notes forming part of the financial statements (1 - 48)

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place: Mumbai
Dated: June 07, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

Gajendra Thakur
Company Secretary

Place: Mumbai
Dated: May 28, 2020

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020

NOTE 1. CORPORATE INFORMATION

(a) Company overview

IIFL Finance Limited (the "Company/ Parent/ Holding Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on Mar 12, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as mortgage loan, gold loan, loan against securities and loans to small & medium enterprise ("SME") to retail and corporate clients.

NOTE 2. BASIS OF CONSOLIDATION

i. Basis of preparation of financial statements

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

Control is achieved when the Company has:

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

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

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

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

ii. Principles of consolidation:

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36. .

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

b) The effects of all inter-Group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year by the Group.

c) The consolidated financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Group, March 31, 2020.

d) The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

e) Business combinations: Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies.

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

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

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

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

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

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

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

iii. List of subsidiaries consolidated

The individual Balance Sheet as at March 31, 2020, Statement of Profit and Loss and cash flow statement for the year ended March 31, 2020 of following subsidiaries are included in consolidation:

Name of the entity	Relationship	Country of Incorporation	% of holding and voting power either directly or indirectly through subsidiary	
			As at March 31, 2020	As at March 31, 2019
IIFL Home Finance Limited (formerly India Infoline Housing Finance Limited (IIHFL))	Direct Subsidiary	India	100%	100%
Samasta Microfinance Limited (Samasta)	Direct Subsidiary	India	98.89%	98.36%
Clara Developers Private Limited (Clara)	Direct Subsidiary	India	100%	100%
Eminent Trust October 2019	Trust with Residual Beneficial Interest	India	N.A	N.A
Eminent Trust November 2019	Trust with Residual Beneficial Interest	India	N.A	N.A

The percentage of holding in Samasta Microfinance Limited during the year increased from 98.36% to 98.89%, consequently as on March 31, 2020, the net worth increased by 0.54% amounting to ₹ 27.31 million and profit after tax increased by ₹ 5.73 million.

On the consolidation of Eminent Trust October 2019 Profit after Tax decreased by ₹ 86.70 million, and the net worth decreased by ₹ 86.70 million

On the consolidation of Eminent Trust November 2019 during the year the Profit after Tax decreased by ₹ 81.70 million , and the net worth decreased by ₹ 81.70 million.

During the previous year, the percentage of holding in Samasta Microfinance Limited increased from 97.37% to 98.36%, consequently as on March 31, 2019, the net worth increased by 0.98% amounting to ₹ 26.18 million and profit after tax increased by ₹ 5.09 million.

(b) Use of estimates and judgments

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

(c) Statement of compliance

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

(d) Presentation of financial statements

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

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

i. Interest income and dividend income

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

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

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

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

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

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Group's Statement of Profit and Loss include, among other things, fees charged for servicing a loan.

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

iii. Income from financial instruments at FVTPL

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

iv. Assignment transactions

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

v. Securitisation transactions

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

vi. Other operational revenue

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

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

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax, if any, less accumulated depreciation. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

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 / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase. Leasehold land is depreciated on a straight line basis over the leasehold period.

The estimated useful life of assets is as under:

Class of assets	Useful life
Buildings*	20 years
Computers*	3 years
Office equipment	5 years
Plant and Equipment*	5 years
Furniture and fixtures*	5 years
Vehicles*	5 years
Software*	3 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 Act.

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

Capital work in progress

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

(c) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortisation and cumulative impairment.

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

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

(d) Investment property

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Profit and Loss in the period in which the Investment property is derecognised. Freehold land and properties under construction are not depreciated.

(e) Impairment of tangible and intangible assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

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

When an impairment loss 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.

(f) Share-based payment arrangements

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

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

Securities premium includes:

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

(g) Employee benefits

Defined contribution plans

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

Defined benefit plans

Short term employee benefits: Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. These benefits include performance incentive and compensated absences

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

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

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

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

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

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

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

(h) 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.

(i) Taxes on income

Current tax

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

Deferred tax

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

Deferred tax 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 Group 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 and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(j) Financial instruments

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

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

Financial assets

Classification and measurement

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

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

Financial instruments measured at amortised cost

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

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

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

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

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

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

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

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

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Interest income is recognised in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognised when the Group's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognised in the Statement of Profit and Loss when the Group's right to receive dividends is established.

Reclassifications

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

Impairment of financial assets

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

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

Key elements of ECL computation are outlined below:

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

Credit impaired financial assets

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

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

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

Definition of default

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

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

Significant increase in credit risk

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

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

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows

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For the year ended March 31, 2020 (Contd.)

depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

Write-off

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

Financial liabilities and equity Instruments

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

Equity instruments

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

Compound instruments

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

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

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity.

Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain/ loss is recognised in Statement of Profit and Loss upon conversion or expiration of the conversion option.

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

Financial liabilities

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

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

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

Derecognition of financial liabilities

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

(k) Cash and bank balances

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments

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that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(l) 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.

(m) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(n) Foreign currencies

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

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

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

(o) Segment reporting

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

(p) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

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

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

Contingent liability is disclosed in case of:

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

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

(q) 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.

(r) Derivative financial instruments

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

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

Hedge accounting

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

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

Cash flow hedges

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

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

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

(s) IND AS 116 Leases

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

As a lessee

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

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

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

Notes forming part of Consolidated Financial Statements

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

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

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

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

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

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

As a lessor

Leases for which the Group is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Critical accounting estimate and judgement

1. **Determination of lease term**

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

2. **Discount rate**

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

Changes in accounting policies / Transition note:

On 30 March 2019, the Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective from 1 April 2019 ('the date of transition'), the Group applied Ind AS 116 using the modified retrospective approach, wherein Right-of-use ('ROU') asset is recognised at an amount equal to the lease liability. Accordingly, the comparative information is not restated – i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

Refer note 14 – Significant accounting policies – Leases in the Annual report of the Group for the year ended March 31, 2019, for the policy as per Ind AS 17.

The Group as a lessee

As a lessee, the Group leases assets which includes gold loan branches/office premises and vehicles to employees. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for these leases.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Following is the summary of practical expedients elected on initial application:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

Accordingly, a right-of-use asset of ₹ 2771.26 millions and lease liability of ₹ 2913.53 Millions has been recognised. The weighted average incremental borrowing rate of the group has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

The Group as a lessor

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The Group accounted for its leases in accordance with Ind AS 116 from the date of initial application.

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NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and Cash Equivalents		
Cash on hand (Refer note (i))	805.91	445.19
Cheques on hand	-	50.71
Balance with Banks - In current accounts	11,169.29	8,256.80
Balance with Banks - In Deposit accounts (original maturity less than or equal to three months)	3,680.00	4,000.00
- Interest accrued on fixed deposits	0.81	1.36
Total	**15,656.01**	**12,754.06**

Note (i) Includes Nil (March 31, 2019 - ₹ 2.07 million) cash in transit to bank, subsequently deposited.

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

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	1,169.06	73.23
In Deposit accounts (original maturity more than three months) (refer note 5.1 below)	15,202.89	12,257.53
Interest accrued on fixed deposits	131.22	131.52
Total	**16,503.17**	**12,462.28**

Note 5.1 Out of the Fixed Deposits shown above

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Lien marked	6,985.78	8,246.95
Margin for credit enhancement	7,545.71	4,006.34
Other deposits	671.40	4.24
Total	**15,202.89**	**12,257.53**

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Millions)

Part I	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives:				-	-	-
Spot and forwards	40,648.82	2,405.21	-	-	-	-
Cross Currency Interest Rate Swaps	3,630.75	-	150.27	3,630.75	-	413.13
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate Swaps	6,955.00	-	267.63	-	-	-
Options Purchased	55.62	21.28	21.28	55.62	55.42	55.42
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-

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(₹ in Millions)

Part I	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(v) Other derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	630.00	-	14.78
Total Derivative Financial Instruments	**51,290.19**	**2,426.49**	**439.18**	**4,316.37**	**55.42**	**483.33**

(₹ in Millions)

Part II	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging						
Options Purchased	55.62	21.28	21.28	55.62	55.42	55.42
(ii) Cash flow hedging						
Currency derivatives	3,630.75	-	150.27	3,980.75	-	421.32
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives						
Currency derivative	40,648.82	2,405.21	-	-	-	-
Interest rate derivatives	6,955.00	-	267.63	-	-	-
Forward exchange contract	-	-	-	280.00	-	6.59
Total Derivative Financial Instruments	**51,290.19**	**2,426.49**	**439.18**	**4,316.37**	**55.42**	**483.33**

Credit Risk and Currency Risk

(₹ in Millions)

	Total		Exchange Traded		Over the Counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
As at March 31, 2020						
Derivative Asset	40,704.44	2,426.49	55.62	21.28	40,648.82	2,405.21
Derivative Liabilities	10,641.37	439.18	55.62	21.28	10,585.75	417.90
As at March 31, 2019						
Derivative Asset	55.62	55.42	55.62	55.42	-	-
Derivative Liabilities	4,316.37	483.33	55.62	55.42	4,260.75	427.91

Note:

(i) As at the Balance Sheet date the Group had open derivatives contracts of USD 2,643,750 (P.Y Nil) without any corresponding financial instruments. The Company has subsequently cancelled the same on May 26, 2020.

(ii) Options invested are tied up to Secured Non Convertible Debentures of ₹ 1.23 million and Secured Non Convertible Debentures of ₹ 20.05 million made as per the terms of issue and on maturity will be transferred to the investors of the NCD.

Note 6.1 Hedging activities and derivatives

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

Note 6.1.1 Derivatives designated as hedging instruments

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

The Group is exposed to interest rate risk arising from its foreign currency borrowings amounting to USD 50 million (March 31, 2019 USD 55.00). Interest on the borrowing is payable at a floating rate linked to USD LIBOR. The Group economically hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

The Group uses Cross Currency Interest Rate Swaps (IRS) Contracts (Floating to Fixed) and Forward Exchange Contracts to hedge its risks associated with interest rate and currency fluctuations relating interest rate and currency risk arising from foreign currency loans / external commercial borrowings. The Group designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS standards. These contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in "Cash Flow Hedge Reserve" under Other Equity and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

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

(₹ in Millions)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Notional amount	3,630.75	3,980.75
Carrying amount	150.27	421.32
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	(32.61)	(98.01)

(₹ in Millions)

Impact of hedging item	**As at March 31, 2020**	**As at March 31, 2019**
Change in fair value	(32.61)	(98.01)
Cash flow hedge reserve	(32.61)	(98.01)
Cost of hedging	-	-

(₹ in Millions)

Effect of Cash flow hedge	**As at March 31, 2020**	**As at March 31, 2019**
Total hedging gain / (loss) recognised in OCI	(32.61)	(98.01)
Ineffectiveness recognised in profit or (loss)	-	-

NOTE 7. RECEIVABLES

(₹ in Millions)

Receivables	**As at March 31, 2020**	**As at March 31, 2019**
(i) Trade Receivables		
Receivables considered good - Secured	-	61.34
Receivables considered good - Unsecured	295.22	302.66
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	2.95	-
Total (i) - Gross	**298.17**	**364.00**
Less: Impairment loss allowance	(2.95)	-
Total (i) - Net	**295.22**	**364.00**
(ii) Other Receivables		
Receivables considered good - Secured (refer note 4 below and note 34(a) on Exceptional items)	-	20,177.78

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Notes:

1. No trade or other receivables are due from directors or other officer of the Group either severally or jointly, with any other person. Nor trade or other receivables are due from firms including limited liability partnerships, private companies in which any director is a partner or a director or a member.
2. The Group had adopted simplified approach for impairment allowance on trade receivables. Expected credit loss ("ECL") has been recognised on credit impaired receivables.
3. Trade receivables are non-interest bearing.
4. During the year ended March 2019, the Group executed definitive agreement for divestment of its "Vehicle Financing Business" as a going concern on a slump sale basis to IndoStar Capital Finance Limited ("Indostar"). In terms of the Business Transfer Agreement, the Group received the outstanding purchase consideration of ₹ 20,177.78 million from Indostar in twelve monthly installments, with interest. The outstanding amount for this transaction is reflected under 'Other Receivables' in the previous year.

NOTE 8. LOANS

(₹ in Millions)

Particulars	As at March 31, 2020		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	210,028.36	58,513.66	268,542.02
(ii) Non Convertible Debentures - for financing real estate projects	23,961.29	-	23,961.29
(iii) Inter corporate deposit (refer note 40.2)	2,758.50	-	2,758.50
Total (A) - Gross	**236,748.15**	**58,513.66**	**295,261.81**
Less: Impairment loss allowance	(9,539.08)	(403.00)	(9,942.08)
Total (A) - Net	**227,209.07**	**58,110.66**	**285,319.73**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	186,690.27	54,543.88	241,234.15
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	-	-	-
(iv) Unsecured	50,057.88	3,969.78	54,027.66
Total (B) - Gross	**236,748.15**	**58,513.66**	**295,261.81**
Less: Impairment loss allowance	(9,539.08)	(403.00)	(9,942.08)
Total (B) - Net	**227,209.07**	**58,110.66**	**285,319.73**
(C)			
(I) Loans in India	**236,748.15**	**58,513.66**	**295,261.81**
(i) Public Sector	-	-	-
(ii) Others	236,748.15	58,513.66	295,261.81
Less: Impairment loss allowance	(9,539.08)	(403.00)	(9,942.08)
Total(C) (I) - Net	**227,209.07**	**58,110.66**	**285,319.73**
(II) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	**-**	**-**	**-**
Total C (I) and C (II)	**227,209.07**	**58,110.66**	**285,319.73**

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2019		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	199,462.71	60,000.00	259,462.71
(ii) Non Convertible Debentures - for financing real estate projects	22,714.26	-	22,714.26
(iii) Inter Corporate Deposit (refer note 40.2)	817.50	-	817.50
Total (A) - Gross	**222,994.47**	**60,000.00**	**282,994.47**
Less: Impairment loss allowance	(8,971.34)	(248.48)	(9,219.82)
Total (A) - Net	**214,023.13**	**59,751.52**	**273,774.65**
(B)			-
(i) Secured by tangible assets (refer note 8.1 and 8.2)	182,516.28	57,001.49	239,517.77
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	-	-	-
(iv) Unsecured	40,478.19	2,998.51	43,476.70
Total (B) - Gross	**222,994.47**	**60,000.00**	**282,994.47**
Less: Impairment loss allowance	(8,971.34)	(248.48)	(9219.82)
Total (B) - Net	**214,023.13**	**59,751.52**	**273,774.65**
(C)			-
(I) Loans in India	**222,994.47**	**60,000.00**	**282,994.47**
(i) Public Sector	-	-	-
(ii) Others	222,994.47	60,000.00	282,994.47
Less: Impairment loss allowance	(8,971.34)	(248.48)	(9,219.82)
Total (C) (I)-Net	**214,023.13**	**59,751.52**	**273,774.65**
(II) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	**-**	**-**	**-**
Total C (I) and C (II)	**214,023.13**	**59,751.52**	**273,774.65**

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

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

8.2 Secured loans include loans aggregating to ₹ 3,467.03 million (P.Y ₹ 5,407.56 million) in respect of which the creation of security is under process.

8.3 (i) The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted business and operations of the Group in the last week of March 2020. In terms of the policy approved by the Board of Directors of the Group Companies pursuant to Reserve Bank of India (RBI) Circular dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Group has granted EMI moratorium to all eligible customers for a period upto 3 months with regards to the payment falling due between March 1, 2020 and May 31, 2020. Further, in relation to the accounts overdue but standard as at February 29, 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at March 31, 2020 is based on the days past due status as on February 29, 2020. Based on an assessment by the Group, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Group continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. On May 22, 2020, the RBI has extended the Moratorium Period by further three months.

(ii) The Group's assessment of impairment loss allowance on its loans and other assets is subject to a number of judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in determination of the impairment loss allowance calculations remained unchanged from those applied while preparing the Consolidated Financial Statements for the year ended March 31, 2019, the Group has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on early indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at default. Accordingly, the Group has measured additional impairment loss allowance on loans and other assets and recognised the incremental impairment provision of ₹ 2,820.48 million in the Consolidated Financial Statements which is adequate in the view of the Group considering the current information available. In addition, while assessing the liquidity situation, the Group has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for current events. Given the dynamic nature of pandemic situation, the Group's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual Consolidated Financial Statements may differ from these estimates as on the date of approval of these Consolidated Financial Statements. The Group will continue to monitor any material changes to the future economic conditions.

NOTE 9. INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2020		
	At Fair Value through profit and loss	At Cost	Total
(A)			
Mutual funds	66.32	-	66.32
Alternate investment funds	50.01	-	50.01
Government securities	5,220.80	-	5,220.80
Debt securities	0.23	-	0.23
Equity instruments	2,192.16	-	2,192.16
Others	18.77	-	18.77
Total – Gross (A)	**7,548.29**	**-**	**7,548.29**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	7,548.29	-	7,548.29
Total – (B) to tally with Total (A)	**7,548.29**	**-**	**7,548.29**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**7,548.29**	**-**	**7,548.29**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2019		
	At Fair Value through profit and loss	At Cost	Total
(A)			
Mutual funds	86.82	-	86.82
Alternate investment funds	63.19	-	63.19
Government securities	-	-	-
Debt securities	610.65	-	610.65
Equity instruments	592.00	-	592.00
Others	771.27	-	771.27
Total – Gross (A)	**2,123.93**	**-**	**2,123.93**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	2,123.93	-	2,123.93
Total – (B) to tally with Total (A)	**2,123.93**	**-**	**2,123.93**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**2,123.93**	**-**	**2,123.93**

Note 9.1. Investment Details Script Wise

Particulars	As at March 31, 2020			As at March 31, 2019		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)
Mutual funds			**66.32**			**86.82**
IIFL Focused Equity Fund-Direct Plan-Growth	4,562,418.45	10.00	66.32	4,562,418.45	10	76.10
ICICI Prudential Ultra Short Term Fund	-	-	-	1,004,396.98	10	10.72
Alternate investment fund			**50.01**			**63.19**
Phi Capital Growth Fund-I	173.97	100,000.00	21.17	156.93	100,000	9.27
Indiareit Apartment Fund - Class B	23.20	100,000.00	4.27	28.32	100,000	4.42
IIFL Income Opportunities Fund- Special Situation - Class B	932,923.14	3.9963	2.04	932,923.14	3.9963	4.11
IIFL Income Opportunities Fund- Special Situation - Class S	10,278,484.68	3.9963	22.53	10,278,484.68	3.9963	45.39
Government securities			**5,220.80**			**-**
Government securities	50,000,000.00	100.00	5,220.80	-	-	-
Debt securities			**0.23**			**610.65**
9.25% DHFL - 2023	8,908.00	1,000.00	0.23	748,346.00	1,000	610.65
Equity instruments			**2,192.16**			**592.00**
TransUnion CIBIL Limited	250,000.00	10.00	988.50	250,000.00	10	591.50
SBI Cards and Payment Services Limited (formerly known as SBI Cards and Payment Services Private Limited)	1,944,804.00	10.00	1,203.16			

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)
Alpha Microfinance Consultants Private Limited	50,000.00	10.00	0.50	50,000.00	10	0.50
Others			**18.77**			**771.27**
IRB InvIT Fund	732,500.00	93.50	18.77	11,565,000.00	96.60	771.27
Total Gross			**7,548.29**			**2,123.93**

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)		
Security deposit for rented premises	292.03	322.75
Deposit with Clearing Corporation India Ltd	25.40	2.40
Interest strip asset on assignment	2,545.35	1,486.96
Staff advances	1.04	0.66
Receivable from Group companies	3.09	4.89
Insurance receivable	353.93	153.20
Less: Provisions on insurance receivables (Refer note 10.3 below)	(121.30)	(75.36)
Other receivables	207.14	60.41
Accrued interest on investments	102.72	38.50
Other advance (Refer note 10.1)	46.70	48.20
(Unsecured, considered doubtful)		
Security deposit for rented premises (Refer note 10.4)	12.99	16.34
Less: Impairment loss allowance on security deposit (refer note 10.4)	(12.99)	(16.34)
Total	**3,456.10**	**2,042.61**

Note 10.1: The Group during the year ended March 31, 2018 had acquired an existing advance portfolio from M/S IIFL Management Services Limited ("IIFLMSL"), a fellow subsidiary of the Group uptil March 2018. IIFLMSL has been underwriting affordable residential units with recognised developers in past, but was finding it challenging to manage this book. The Group, being in the business of financing and having contact with the developers, was in a better position to manage this book and therefore acquired the portfolio from IIFLMSL, which shall be repaid by the developers through their cash flows or sales at regular rests with a fixed rate of return. The Group is in the process of obtaining requisite no objection certificates / agreements from the respective developers/ builders for transferring said allotment letters in its name.

Note 10.2: Impairment loss allowance on other advances

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**-**	**70.60**
Addition	-	-
Less: Transfer to Loans	-	(70.60)
Closing	**-**	**-**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 10.3: Provisions on insurance receivables

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**75.36**	**41.03**
Addition	63.92	44.23
Reduction	(17.98)	(9.90)
Closing	**121.30**	**75.36**

Note 10.4: Provisions on security deposit

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**16.34**	**-**
Addition	3.51	16.34
Reduction	(6.86)	-
Closing	**12.99**	**16.34**

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(₹ in Millions)

Particulars	Opening balance (as on April 1, 2019)	Effect of Rate Change (refer note 11.1)	Recognised in profit or loss *	Recognised in/ reclassified from OCI **	Closing balance (as on March 31, 2020)
Deferred tax assets					
Property, plant and equipment	210.74	(28.96)	30.25	-	212.03
Provisions, allowances for doubtful receivables / loans	2,617.63	(408.33)	142.33	-	2,351.63
Compensated absences and retirement benefits	57.31	(10.21)	8.59	11.43	67.12
MTM on derivative financial instruments	147.23	(41.19)	-	(68.22)	37.82
Expenses deductible in future years	59.53	(46.80)	1.87	-	14.60
Unrealised loss on investments	41.11	(16.85)	27.80	-	52.06
C/f losses on investments	68.36	(9.28)	62.11	-	121.19
Interest on Lease rental - Ind AS 116	-	-	47.47	-	47.47
Total deferred tax assets	**3,201.91**	**(561.62)**	**320.42**	**(56.79)**	**2,903.92**
Deferred tax liabilities					
Income amortisation (net)	(198.70)	58.08	(299.32)	-	(439.94)
Unrealised profit on investments	-	-	-	-	-
Provision for 36(1)(viia)	(16.11)	4.51	11.60	-	-
Expenses deductible in future years	(34.52)	-	-	-	(34.52)
Total deferred tax liabilities	**(249.33)**	**62.59**	**(287.72)**	**-**	**(474.46)**
Deferred tax assets (net)	**2,952.58**	**(499.03)**	**32.70**	**(56.79)**	**2,429.46**

*Include amount of ₹ 14.99 million towards tax expense of prior year.

**Excluding amount of ₹ 79.19 million towards income tax expense for MTM on derivative financial instruments

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Significant components of deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(₹ in Millions)

Particulars	Opening balance (as on April 1, 2018)	On Account of Merger (refer note 41.2)	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance (as on March 31, 2019)
Deferred tax assets					
Property, plant and equipment	0.99	248.04	(38.29)	-	210.74
Provisions, allowances for doubtful receivables / loans	395.42	2,524.14	(301.93)	-	2,617.63
Compensated absences and retirement benefits	11.74	26.42	17.05	2.10	57.31
MTM on derivative financial instruments		-	-	147.23	147.23
Expenses deductible in future years	2.61	0.67	56.25	-	59.53
Unrealised losses on investments	-	50.64	(9.53)	-	41.11
C/f losses on investments	68.36	-	-	-	68.36
Total deferred tax assets	**479.12**	**2,849.91**	**(276.45)**	**149.33**	**3,201.91**
Deferred tax liabilities:					
Income amortisation (net)	(118.49)	117.45	(197.66)	-	(198.70)
Provision for 36(1)(viia)	(73.56)	-	57.45	-	(16.11)
Expenses deductible in future years	(3.57)	-	(30.95)	-	(34.52)
Total deferred tax liabilities	**(195.62)**	**117.45**	**(171.16)**	**-**	**(249.33)**
Deferred tax assets (net)	**283.50**	**2,967.36**	**(447.61)**	**149.33**	**2,952.58**

Note 11.1

The recently promulgated Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/ incentives. The options needs to be exercised within the prescribed time for filing the return of income under Section 139 (1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These consolidated financial statements are prepared on the basis that the parent company and some of its subsidiaries would avail the option to pay income tax at the lower rate. Consequently, wherever applicable, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time charge of ₹ 499.03 million to the statement of Profit & Loss during the year ended March 31, 2020.

NOTE 12. INVESTMENT PROPERTY (AT COST)

(₹ in Millions)

Particulars	Property (Flats) (refer note 12.1)	Land (refer note 12.1)	Total
Gross carrying value			
As at April 1, 2019	**1,556.02**	**1,078.85**	**2,634.87**
Additions during the year	-	-	-
Deductions/adjustments during the year	-	(20.00)	(20.00)
As at March 31, 2020	**1,556.02**	**1,058.85**	**2,614.87**
Less : Impairment loss allowance/Adjustment	(478.20)	(105.87)	(584.07)
Net carrying value as at March 31, 2020	**1,077.82**	**952.98**	**2,030.80**
"Fair value as on March 31, 2020 (Fair value hierarchy : Level 3)"	1,710.38	1,067.45	2,777.83

*Distress value of above flats is ₹ 1,197.07 millions as on March 31, 2020.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	Property (Flats) (refer note 12.1)	Land (refer note 12.1)	Total
Gross carrying value			
As at April 1, 2018	**1,551.21**	**900.53**	**2,451.74**
Additions during the year	4.81	178.32	183.13
Deductions/adjustments during the year	-	-	-
As at March 31, 2019	**1,556.02**	**1,078.85**	**2,634.87**
Less : Impairment loss allowance	(0.02)	-	(0.02)
Net carrying value as at March 31, 2019	**1,556.00**	**1,078.85**	**2,634.85**
"Fair value as on March 31, 2019 (Fair value hierarchy : Level 3"	1,710.00	1,081.15	2,791.15

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

(₹ in Millions)

Particulars	Freehold Land	Electrical Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2019	0.86	14.09	446.64	15.55	117.49	359.31	98.91	414.12	**1,466.97**
Additions during the year	-	4.87	297.18	-	20.15	-	109.84	163.28	**595.32**
Deductions/adjustments	-	(1.02)	(11.78)	1.57	(1.60)	-	(9.90)	(104.59)	**(127.32)**
As at March 31, 2020	0.86	17.94	732.04	17.12	136.04	359.31	198.85	472.81	**1,934.97**
Depreciation									
As at April 1, 2019	-	5.20	150.82	7.22	50.29	42.30	35.33	148.01	**439.17**
Depreciation for the year	-	3.73	144.22	3.19	27.85	21.15	55.21	153.50	**408.85**
Deductions/adjustments	-	1.40	1.36	1.60	(10.29)	-	(5.52)	(43.10)	**(54.55)**
Up to March 31, 2020	**-**	**10.33**	**296.40**	**12.01**	**67.85**	**63.45**	**85.02**	**258.41**	**793.47**
Net block as at March 31, 2020	**0.86**	**7.61**	**435.64**	**5.11**	**68.19**	**295.86**	**113.83**	**214.40**	**1,141.50**

(₹ in Millions)

Particulars	Freehold Land	Electrical Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2018	0.86	4.36	181.54	15.48	69.97	366.52	48.73	188.86	**876.32**
Additions during the year	-	10.10	274.69	0.13	56.06	-	56.65	241.12	**638.75**
Deductions/adjustments	-	(0.37)	(7.92)	(0.06)	(5.31)	-	(5.80)	(15.66)	**(35.12)**
Transfer on account of demerger (refer note 41.1)	-	-	(1.67)	-	(3.23)	(7.21)	(0.67)	(0.20)	**(12.98)**
As at March 31, 2019	0.86	14.09	446.64	15.55	117.49	359.31	98.91	414.12	**1,466.97**
Depreciation									
As at April 1, 2018	-	1.48	49.11	3.00	26.38	21.85	15.37	42.99	**160.18**
Depreciation for the year	-	3.88	106.32	4.26	28.44	21.15	24.34	113.53	**301.92**
Deductions/adjustments	-	(0.16)	(3.93)	(0.04)	(3.30)	-	(4.12)	(8.36)	**(19.91)**
Transfer on account of demerger (refer note 41.1)	-	-	(0.68)	-	(1.23)	(0.70)	(0.26)	(0.15)	**(3.02)**
Up to March 31, 2019	**-**	**5.20**	**150.82**	**7.22**	**50.29**	**42.30**	**35.33**	**148.01**	**439.17**
Net block as at March 31, 2020	**0.86**	**8.89**	**295.82**	**8.33**	**67.20**	**317.01**	**63.58**	**266.11**	**1,027.80**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 14. LEASES

During the year ended March 31, 2020 the Group has adopted Ind AS 116 – "Leases" with effect from April 01, 2019 and applied the standard to its leases retrospectively. In accordance with the requirements of the standard, the lease liability at the present value of remaining lease payments at the date of initial application i.e. April 01, 2019 has been recognised and "Right to use assets" has been recognised at an amount equal to the "Lease liability" as at that date. In the Statement of Profit and Loss for the current period, the nature of expenses in respect of leases has changed from lease rent in previous periods to depreciation cost for "Right to use lease assets" and interest accrued on "Lease liability". The Group has not restated the comparative information in this respect.

(i) As a Lessee

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Lease commitments as at March 31, 2019	5.42	-	5.42
Add/(less): adjustments on account of lease period	1,898.73	-	1,898.73
Add/(less): contracts reassessed as lease contracts	237.50	27.68	265.18
Lease liabilities as on April 01, 2019	**2,141.65**	**27.68**	**2,169.33**

Following are the changes in the carrying value of right of use assets for the period ended March 31, 2020:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2019	**2,141.65**	**27.68**	**2,169.33**
Addition during the year	1,514.15	9.38	1,523.53
Deduction/Adjustment	(285.66)	(3.77)	(289.43)
Depreciation during the year	(620.30)	(11.87)	(632.17)
Closing Balance as at March 31, 2020	**2,749.84**	**21.42**	**2,771.26**

Following is the break up value of the Current and Non - Current Lease Liabilities for the period ended March 31, 2020:

(₹ in Millions)

Particulars	As at March 31, 2020
Current lease liabilities	479.96
Non-current lease liabilities	2,433.57
Total	**2,913.53**

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2019	**2,141.65**	**27.68**	**2,169.33**
Addition during the year	1,514.15	9.38	1,523.53
Deduction/Adjustment	(294.79)	(3.70)	(298.49)
Finance cost accrued during the period	236.74	2.28	239.02
Payment of lease liabilities	(706.82)	(13.04)	(719.88)
Closing Balance as at March 31, 2020	**2,890.93**	**22.60**	**2,913.53**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Table showing details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

(₹ in Millions)

Particulars	As at March 31, 2020
Less than one year	698.48
One to two years	638.54
Two to five years	1,537.89
More than five years	941.25
Total	**3,816.16**

Rental expense recorded for short-term leases was ₹ 230.83 million for the year ended March 31, 2020

Amounts recognised in profit or loss:

(₹ in Millions)

Particulars	As at March 31, 2020
Interest on lease liabilities	239.02
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	6.62
Depreciation relating to leases	632.17
Total	**877.81**

Amounts recognised in the statement of cash flows

(₹ in Millions)

Particulars	As at March 31, 2020
Total cash outflow for leases	719.87

(ii) As a Lessor

Operating Lease The Group has entered into operating lease for one of its office building. These leases have terms of between 2 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total contingent rents recognised as income during the year is ₹ 32.88 million (P.Y Nil). Future minimum rentals receivable under non-cancellable operating leases as at March 31, 2020 are, as follows:

Particulars	As at March 31, 2020	As a March 31, 2019
Upto 1 Year	36.41	-
Upto 2 Year	36.41	-
Upto 3 Year	6.07	-

NOTE 15. OTHER INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)

(₹ in Millions)

Particulars	Computer software
Cost or valuation as at April 1, 2019	**52.27**
Additions during the year	4.54
Deductions /Adjustments during the year	(0.12)
As at March 31, 2020	**56.69**
Amortisations	
As at April 1, 2019	**28.77**
Additions during the year	15.44
Deductions /Adjustments during the year	**(0.03)**
Up to March 31, 2020	**44.18**
Net block as at March 31, 2020	**12.51**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	Computer software
Cost or valuation as at April 1, 2018	**40.93**
Additions during the year	20.44
Transfer out due to demerger (refer note 41.1)	(9.10)
Deductions /Adjustments during the year	-
As at March 31, 2019	**52.27**
Amortisations	
As at April 1, 2018	**15.94**
Additions during the year	16.57
Transfer out due to demerger (refer note 41.1)	(3.74)
Up to March 31, 2019	**28.77**
Net block as at March 31, 2019	**23.50**

Note 15.1. Movement of Goodwill

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**-**	**107.18**
Addition	-	-
Impairment (Refer note 33 (b))	-	107.18
Closing	**-**	**-**

NOTE 16. OTHER NON-FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Prepaid expenses	279.42	121.24
Asset Held for sale (refer note (a))	111.83	-
Receivable from securitisation trust	843.04	-
Advances for operational expenses*	262.45	32.19
Deposit with government	18.92	29.66
GST / Service tax input	155.13	94.92
Capital Advance	0.53	0.52
Other assets	7.96	15.61
Total	**1,679.28**	**294.14**

* Includes foreign currency payments amounting to ₹ 90.70 million (P.Y Nil)

Note (a) Asset in the form of real estate property received upon final settlement of the loan is recorded as 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. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 17. PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
(i) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	55.61	198.77
Accrued salaries and benefits	53.14	105.45
Provision for expenses	727.13	770.31
Other trade payables	0.38	12.70
Total	**836.26**	**1,087.23**

Note 17.1. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

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

(₹ in Millions)

Particulars	2019-2020	2018-2019
(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	-	-

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

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

NOTE 18. DEBT SECURITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(i) Non Convertible Debentures (Refer Note (a), (c), (d) and 18.1) - Secured	82,352.74	64,679.16
Less : Unamortised debenture issue expenses	(451.62)	(310.00)
Less : Unexpired discount on NCD	(56.19)	-
(ii) Commercial Papers (Refer Note 18.1) - Unsecured	-	41,800.00
Less : Unexpired discount on Commercial Paper (Refer Note (b))	-	(307.67)
Total (A)	**81,844.93**	**105,861.49**
Debt Securities in India	53,071.25	105,861.49
Debt Securities outside India	28,773.68	-
Total (B) to tally with (A)	**81,844.93**	**105,861.49**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(a) These Non Convertible Debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.

(b) Unexpired discount on Commercial Papers is net of ₹ Nil (March 31, 2019: ₹ 661.38 million), towards discount accrued but not due.

(c) During the year the Group has borrowed ₹ 28,557.00 million (equivalent to USD 400 million) under Secured Medium Term Note Programme. These are secured by way of all rights, titles, interest, benefits, claims and demands, whatsoever of the Company in, to and in respect of, all present and future, receivables/assets, including Company's accounts, operating cash flows, current assets, book debts, stock in trade, loans and advances and receivables, both present and future to the extent of complying with the Security Coverage Ratio, but excluding the Ineligible Assets.

(d) Non Convertible Debentures – Secured includes redeemable non convertible debenture which carries call option ₹ 1,406.25 million (May 15, 2020 and every six months thereafter), ₹ 150.00 million (from December 20, 2023) and ₹ 150.00 million (from March 20, 2024) {as at March 31, 2019 ₹ 1,968.75 million (May 15, 2019 and every six months thereafter), ₹ 150.00 million (from December 20, 2023) and ₹ 150.00 million (from March 20, 2024)}, Secured includes redeemable Non convertible debenture amounting to ₹ 140.00 million which carries call option effective from July 13, 2018, (P.Y ₹ 140.00 million)

(e) Includes option contacts undesignated (Notional amount March 31, 2020 ₹ 12.50 million, March 31, 2019 ₹ 11.17 million)

Note 18.1. Terms of repayment

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Secured NCD:		**82,352.74**		**64,679.16**
Fixed:		**56,411.91**		**38,062.13**
More than 5 years	9.18% - 10.33%	3,300.00	10.05% -10.33%	300.00
3- 5Years	9.75% - 10.20%	32,058.40	8.61% - 15.25%	10,958.18
1-3 Years	8.00% - 15.25%	13,020.18	8.00% - 10.80%	16,279.45
Less than 1 years	8.65% - 11.08%	8,033.33	7.50% - 10.80%	10,524.50
Floating:^		**8,406.25**		**9,000.00**
More than 5 years	-	-	-	-
3- 5Years	-	-	-	-
1-3 Years	8.56% - 9.85%	2,843.75	8.77% - 9.20%	7,000.00
Less than 1 years	8.56% - 8.77%	5,562.50	8.15% -8.44%	2,000.00
Zero Coupon:		**17,534.58**		**17,617.03**
More than 5 years	-	-	9.12% -10.30%	701.89
3- 5Years	9.12% - 10.30%	701.89	9.35 %- 9.60%	2,464.23
1-3 Years	8.20% - 10.20%	8,903.90	8.10% - 10.20%	13,512.91
Less than 1 years	8.10% - 10.00%	7,928.79	8.10% - 9.55%	938.00
Commercial Papers		**-**		**41,800.00**
Less than 1 years	-	-	8.70% - 9.10%	41,800.00
TOTAL		**82,352.74**		**106,479.16**

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 18.2. Non Convertible Debentures - instrument wise details

(₹ in Millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
9.30 % Redeemable Non Convertible Debentures Date of Maturity 5/04/2019	9.30%	-	2,000.00
Secured Redeemable Non-Convertible Debentures. Series C7. Date of Maturity 21/05/2019	8.15%	-	1,000.00
7.75% Secured Redeemable Non-Convertible Debentures. Date of Maturity 06/06/2019	7.75%	-	1,500.00
Secured Redeemable Non-Convertible Debentures. Series C9. Date of Maturity 05/07/2019	8.44%	-	1,000.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A10 Option II. Date Of Maturity 15/07/2019	9.50%	-	163.00
9.50% Secured Redeemable Non-Convertible Debentures. Series A10 Option I. Date Of Maturity 22/07/2019	9.50%	-	1,600.00
8.056% Secured Listed Redeemable Non Convertible Debentures. Series B8 Option A. Date Of Maturity 01/08/2019	8.10%	-	250.00
7.85% Secured Redeemable Non-Convertible Debentures. Series C5. Date of Maturity 26/08/2019	7.85%	-	1,250.00
7.50% Secured Listed Redeemable Non Convertible Debentures. Series B6. Date Of Maturity 05/09/2019	7.50%	-	300.00
Zero Coupon Non Convertible Debentures with Maturity Date of 12/09/2019	9.30%	-	65.00
Zero Coupon Non Convertible Debentures With Maturity Date of 24/09/2019	9.30%	-	105.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B2 Option II. Date Of Maturity 08/10/2019	9.15%	-	80.00
9.20 % Redeemable Non Convertible Debentures Date of Maturity 4/11/2019	9.20%	-	300.00
Zero Coupon Non Convertible Debentures with Maturity Date of 12/11/2019	8.85%	-	50.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option III. Date Of Maturity 12/11/2019	8.85%	-	50.00
8.10% Secured Listed Redeemable Non Convertible Debentures. Series B7. Date Of Maturity 21/11/2019	8.10%	-	512.00
9.50% Secured Rated Listed Redeemable Non Convertible Debentures. Series E1. Date of Maturity 31/12/2019	9.50%	-	1,750.00
Zero Coupon G-Sec Index Principal Protected Market Linked Listed Secured Redeemable Non Convertible Debentures. Series C-13. Date of Maturity 10/01/2020	9.00%	-	175.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C5. Date Of Maturity 06/04/2020	9.20%	350.00	380.00
Zero Coupon Non Convertible Debentures with Maturity Date of 07/04/2020	8.85%	110.00	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option II. Date Of Maturity 07/04/2020	8.85%	110.00	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A11. Date of Maturity 20/04/2020	9.30%	1,093.00	1,500.00

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A13. Date Of Maturity 20/04/2020	9.40%	2,500.00	2,500.00
10.05% Secured Listed Redeemable Non-Convertible Debentures. Date of Maturity 20/04/2020	10.05%	-	250.00
Zero Coupon 10 Year G-Sec Rate Linked Secured Listed Rated Redeemable Non Convertible Debentures. Series C11. Date of Maturity 21/04/2020	8.75%	262.00	500.00
Zero Coupon 10 Year G-Sec Rate Linked Secured Listed Rated Redeemable Non Convertible Debentures. Series C12. Date of Maturity 27/04/2020	9.00%	295.52	574.16
Secured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	8.77%	5,000.00	5,000.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option I. Date Of Maturity 12/05/2020	8.85%	640.00	640.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B4. Date Of Maturity 12/05/2020	8.64%	180.00	180.00
10.80% Secured Listed Redeemable Non-Convertible Debentures. Date of Maturity 22/05/2020	10.80%	1,500.00	1,500.00
Zero Coupon Secured Non Convertible Debentures - 10 Year G-Sec Price MLD 2020. Series D2. Maturity Date - 09/07/2020	9.00%	285.58	-
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B5. Date Of Maturity 17/08/2020	8.10%	1,150.00	1,150.00
9.98% Secured Listed Rated Redeemable Non Convertible Debentures. Series C14 Option II. Date of Maturity 28/09/2020	9.98%	1,000.00	1,000.00
11.08% Secured Redeemable Non-Convertible Debentures. Date of Maturity 28/09/2020	11.08%	33.33	100.00
8.65% Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option A. Date Of Maturity 05/10/2020	8.65%	625.00	753.33
9.75% Secured Redeemable Non Convertible Debentures - Series F1. Maturity Date - 09/10/2020	9.75%	1,500.00	-
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2020	10.20%	2,875.00	2,875.00
9.87% Secured Rated Listed Redeemable Non Convertible Debentures. Series C10. Date Of Maturity 20/11/2020	9.87%	500.00	502.45
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series I. Maturity Date - 06/12/2020	10.00%	952.69	-
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B8 Option B. Date Of Maturity 06/04/2021	8.20%	270.60	298.96
8% Secured Redeemable Non-Convertible Debentures. Series C6. Date of Maturity 29/04/2021	8.00%	2,500.00	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series C8. Date of Maturity 30/04/2021	8.75%	100.00	100.00
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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
Zero Coupon Secured Listed Rated Redeemable Non Convertible Debentures. Series C10. Date of Maturity 25/05/2021	9.25%	260.00	260.00
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	9.20%	2,000.00	2,000.00
Zero Coupon Secured Non Convertible Debentures - G-Sec MLD 2021. D3 Option I Maturity Date - 27/09/2021	9.50%	1,070.13	-
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%	987.80	987.80
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.96%	1,110.00	1,110.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.75%	1,000.00	1,000.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.87%	500.00	500.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.93%	250.00	250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C9. Date Of Maturity 26/10/2021	10.20%	100.00	100.00
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2021	10.20%	2,875.00	2,875.00
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
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 14/03/2022	8.73%	127.50	127.51
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	1,150.00
9.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Maturity Date - 07/05/2022	9.50%	2,605.00	2,605.00
9.60% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Maturity Date - 07/05/2022	9.60%	380.38	389.15

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debenture. Series II - Category II,III & IV. . Maturity Date - 07/05/2022	9.60%	468.79	494.23
8.61% Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity 13/05/2022	8.56%	1,406.25	1,968.75
15.25% Secured Redeemable Non-Convertible Debentures. Date of Maturity 29/06/2022	15.25%	50.00	50.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity 29/09/2022	9.55%	580.00	580.00
Zero Coupon Secured Non Convertible Debentures - NIFTY ENHANCER STRUCTURE - MLD 2022. D3 Option II. Maturity Date - 27/09/2022	9.50%	254.50	-
9.50% Secured Non Convertible Debentures - Tranche II. Series II. Maturity Date - 06/12/2022	9.50%	360.07	-
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series III. Maturity Date - 06/12/2022	9.85%	117.44	-
9.85% Secured Non Convertible Debentures - Tranche II. Series IV. Maturity Date - 06/12/2022	9.85%	649.72	-
9.75% Secured Redeemable Non Convertible Debentures - Series D4. Maturity Date - 17/01/2023	9.85%	50.00	-
9.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series III. Maturity Date - 07/02/2024	9.75%	1,812.85	6,368.09
10.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV. Maturity Date - 07/02/2024	10.20%	1,221.98	1,264.69
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
5.875% Secured MTN Dollar Bond. Date of Maturity- 20/04/2023 *	10.30%	29,023.57	-
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - 03/10/2029	9.18%	3,000.00	-
Total		**82,352.74**	**64,679.16**

* Inlcudes hedging cost

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 19. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(A)		
(a) Term loan (i) From Banks & NHB (Secured) (refer note (a) and 19.1)	129,164.41	124,693.08
(ii) From others (Secured) (refer note (b) and 19.1)	7,538.59	-
Less : Prepaid expenses	(329.34)	(236.34)
(iii) Term Loans from Financial Institutions (refer note (a) and 19.1)	3,216.69	751.16
(b) Other loans		
(i) Cash credit/ overdraft (Secured) (refer note (a) and 19.2)	8,409.70	9,115.34
(ii) Securitisation liability	19,549.37	9,493.35
Less : Prepaid expenses	-	(3.34)
Total (A)	**167,549.42**	**143,813.25**
(B)		
Borrowings in India	156,275.57	140,398.40
Borrowings outside India	11,273.85	3,414.85
Total (B) to tally with (A)	**167,549.42**	**143,813.25**

Notes:

(a) These loans are secured by way of a first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.

(b) During the year the Group has borrowed an amount of ₹ 6,870.00 million (equivalent to USD 100 million) as external commercial borrowings under automatic route and secured by way of first paripassu charge by way of hypothecation on the standard receivables of the company with asset cover of 1.20 times of the sanction amount.

Note 19.1. - Terms of repayment of Term loans

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Term loans from Banks and Financial institutions:*				
Fixed:		**4,663.66**		**3,537.14**
More than 5 years	-	-	-	-
3- 5 Years	11.50%	450.00	-	-
1-3 Years	11.25% - 12.00%	1,807.26	9.70% - 11.50%	1,691.09
Less than 1 year	9.30% - 12.00%	2,406.40	9.70% - 13.10%	1,846.05
Floating:		**108,232.38**		**106,071.78**
More than 5 years	9.10% - 9.50%	3,973.38	-	-
3- 5Years	8.40% - 11.20%	16,881.47	8.40% - 10.25%	23,489.92
1-3 Years	8.20% - 12.15%	51,474.43	8.40% - 12.60%	50,825.46
Less than 1 year	8.00% - 12.20%	35,903.10	8.40% - 14.00%	31,756.40
Term loans from NHB:				
Fixed:		**19,485.06**		**15,835.32**
More than 5 years	4.86% - 8.95%	6,425.64	4.61% - 9.95%	7,792.08
3- 5 Years	4.61% - 8.95%	5,302.38	4.61% - 9.95%	3,078.69
1-3 Years	4.61% - 8.95%	5,618.60	4.61% - 9.95%	3,309.70
Less than 1 year	4.61% - 8.95%	2,138.44	4.61% - 9.95%	1,654.85

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Term loans from Others:**				
Floating:		**7,538.59**		
3- 5 Years	8.62%	7,538.59	-	-
Total	-	**139,919.69**	-	**125,444.24**

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

**The rate of interest for the above loan is linked to 6 month U.S. LIBOR plus margin 1.85% p.a.

Note 19.2.Terms of repayment of Other loans

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Less than 1 year - CC/ ODFD ***	6.97% - 10.95%	8,409.70	8.40% - 13.65%	9,008.68
Less than 1 year - CC/ ODFD - Fixed	-	-	9.75% - 12.50%	106.66
Securitisation:		**19,549.38**		**9,493.35**
Fixed:		**13,140.77**		**4,994.59**
More than 5 years	-	-	-	-
3- 5 Years	10.03% - 10.10%	9.36	10.10%	0.48
1-3 Years	10.05% - 10.10%	2,373.43	9.75% - 10.10%	2,578.22
Less than 1 year	9.57% - 10.75%	10,757.98	9.75% - 10.10%	2,415.89
Floating:****		**6,408.61**		**4,498.76**
More than 5 years	7.25% - 9.25%	4,721.06	7.20% - 7.90%	3,072.62
3- 5 Years	7.25% - 9.25%	743.63	7.20% - 7.90%	635.90
1-3 Years	7.25% - 9.25%	656.89	7.20% - 7.90%	541.33
Less than 1 year	7.25% - 9.25%	287.03	7.20% - 7.90%	248.91
Total		**27,959.08**		**18,608.69**

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

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 20. SUBORDINATED LIABILITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(A)		
Non Convertible Debentures (Unsecured) (Refer Note 20.1.1 and 20.1.2)	20,651.21	15,615.84
Less : Unamortised debenture issue expenses	(214.22)	(120.05)
Total (A)	**20,436.99**	**15,495.79**
(B)		
Subordinated liabilities in India	17,186.99	12,245.79
Subordinated liabilities outside India	3,250.00	3,250.00
Total (B) to tally with (A)	**20,436.99**	**15,495.79**

Note 20.1.Terms of repayment

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Non Convertible Debenture (Unsecured)				
Fixed:		**12,121.39**		**13,693.51**
More than 5 years	8.70% - 10.50%	6,521.39	8.70% - 10.50%	7,265.72
3- 5Years	8.93% - 12.10%	1,750.00	8.93% - 16.90%	1,259.21
1-3 Years	9.30% - 16.90%	1,300.00	9.30% - 12.00%	5,168.58
Less than 1 years	10.75% - 11.25%	2,550.00	-	-
Zero Coupon		**8,529.82**		**1,922.33**
More than 5 years	9.35% - 10.50%	1,779.82	9.35% - 9.40%	1,720.91
3- 5Years	-	-	-	-
1-3 Years	9.00%	6,750.00	12.00%	201.42
Less than 1 years	-	-	-	-
TOTAL		**20,651.21**		**15,615.84**

20.1.1. Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 million (from February 28, 2024) , ₹ 1,265.16 million (from May 14, 2024), ₹ 400.00 million (from June 18, 2025) and ₹ 300.00 million (from July 14, 2025) {as at March 31, 2019 Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹100.00 million (from February 28, 2024) , ₹ 1,265.16 million (from May 14, 2024), ₹ 400.00 million (from June 18, 2025) and ₹ 300.00 million (from July 14, 2025)}, Unsecured and Non convertible Debentures- Debentures Includes debentures amounting to ₹ 110 million in respect which the company is having a call option at the end of the 5th year from the date of allotment July 20, 2018 and every year there after

20.1.2. Includes option contacts undesignated (Notional amount March 31, 2020 ₹ 43.16 million, March 31, 2019 ₹ 44.25 million)

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 20.2. - Non Convertible Debentures - instrument wise details

(₹ in Millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
12% Unsecured Subordinate Non Convertible Debentures. Option I. Date of Maturity 02/04/2020	12.00%	-	1,798.58
Unsecured Subordinate Non Convertible Debentures. Option II. Date of Maturity 02/04/2020	12.00%	-	201.42
10.75% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	10.75%	450.00	450.00
10.75% Unsecured Redeemable Non Convertible Subordinated Debentures In The Nature of Tier ii Capital. Date of Maturity 03/06/2020	10.75%	100.00	100.00
11.25% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 05/09/2020	11.25%	2,000.00	2,000.00
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U01. Date of Maturity 26/07/2021	10.50%	170.00	170.00
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U02. Date of Maturity 10/08/2021	10.50%	100.00	100.00
10.75% Unsecured Redeemable Non Convertible Debentures. Series U01. Date of Maturity 10/09/2021	10.75%	200.00	200.00
10.50% Unsecured Redeemable Non Convertible Debentures. Series U02. Date of Maturity 16/09/2021	10.50%	150.00	150.00
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G1. Date of Maturity 21/10/2021	9.00%	2,750.00	-
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G2. Date of Maturity 22/11/2021	9.00%	4,000.00	-
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
16.90% Unsecured Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 30/06/2022	16.90%	50.00	50.00
12.15% Unsecured Redeemable Non-Convertible Debenture. Date of Maturity 30/08/2022	12.15%	200.00	200.00
12.2% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date of Maturity 04/11/2022	12.20%	230.00	230.00
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date of Maturity 14/04/2023	8.93%	500.00	529.21
12.10% Unsecured Redeemable Non Convertible Debentures. Series 1.Date of Maturity 24/05/2023	12.10%	100.00	100.00
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo5. Date of Maturity 29/05/2023	9.30%	150.00	150.00
Nifty Linked Unsecured Listed Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 19/04/2024	10.24%	218.50	218.50
Nifty Linked Unsecured Listed Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 19/04/2024	10.15%	671.50	671.50

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
Nifty Linked Unsecured Listed Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 19/04/2024	9.05%	66.84	66.84
10.00% Unsecured Redeemable Non Convertible Debentures. Tranche II. Series V. Maturity Date - 06/06/2025	10.50%	259.25	-
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity 06/06/2025	8.85%	57.83	-
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date of Maturity 27/07/2027	8.85%	750.00	750.00
8.70% Unsecured Redeemable Non-Convertible Subordinated Debentures – Series U03. Date of Maturity 19/11/2027	8.70%	1,000.00	1,000.00
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% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Maturity Date - 28/06/2028	9.00%	3,250.00	3,250.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date of Maturity 13/07/2028	9.85%	300.00	300.00
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
Zero coupon Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date of Maturity 25/08/2028	9.35%	500.00	500.00
10% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Maturity Date - 07/02/2029	10.00%	307.65	310.15
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Maturity Date - 07/02/2029	10.50%	154.48	154.48
Total		**20,651.21**	**15,615.84**

NOTE 21. OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	6,988.24	5,709.64
Temporary overdrawn bank balances	36.01	3,983.87
Payable on account of assignment	3,642.23	9,872.07
Payable to Group companies	1.89	42.85
Payable towards NCD	1,152.68	57.38
Unclaimed Dividend	13.57	13.56
Gratuity payable (refer note 32.2)	52.44	15.62
Payable to Indostar	2,721.70	-
Payable towards purchase of Government Securities	5,326.11	-
Other payables (auction proceeds, retention payable, etc.) (refer note 21.1 and 21.2)	68.50	102.29
Others - Security Deposit Payable	0.05	0.05
Total	**20,003.42**	**19,797.33**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 21.1. During the year, amount of ₹ 1.29 million (March 31, 2019: ₹ 1.53 million) was transferred to Investor Education and Protection Fund. Also, amount of ₹ 0.95 million (March 31, 2019: ₹ 1.12 million) was due for transfer on March 31, 2020 and the said amount was transferred within 30 days of becoming due. Dues as on March 31, 2020 amounting to ₹ 0.03 million were pending to be transferred. On account of the current pandemic situation, extension for such transfer has been received.

Note 21.2. Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ Nil/- (as at March 31, 2019 ₹ 0.24 Millions)

NOTE 22. PROVISIONS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	262.85	264.78
Provision for leave encashment	123.48	105.45
Expected loan loss provision on loans sanctioned but undrawn	223.55	274.37
Total	**609.88**	**644.60**

NOTE 23. OTHER NON-FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Income received in advance	74.82	166.19
Advances from customers	480.12	688.25
Statutory remittances	141.09	217.61
Total	**696.03**	**1,072.05**

NOTE 24. EQUITY SHARE CAPITAL

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

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
380,250,000 Equity Shares (March 31, 2019 600,000,000) of ₹ 2 each	760.50	1,200.00
Reduction on part of Composite Scheme of Arrangement (Equity Shares of ₹ 2 each) - on account of demerger (refer note 41.1)	-	(439.50)
Addition to authorised share capital on part of Composite Scheme of Arrangement on account of merger (refer note 41.2)		
1,975,000,000 Equity Shares (March 31, 2019 1,975,000,000) of ₹ 2 each	3,950.00	3,950.00
500,000,000 Preference Shares (March 31, 2019 500,000,000) of ₹ 10 each	5,000.00	5,000.00
Total	**9,710.50**	**9,710.50**
Issued, Subscribed and Paid-up Share Capital		
378,340,922 Equity Shares (March 31, 2019 : 319,203,092) of ₹ 2 each fully paid with voting rights	756.68	638.41
Total	**756.68**	**638.41**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

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

(₹ in Millions)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in millions	No. of Shares	₹ in millions
Equity Shares				
At the beginning of the year	319,203,092	638.41	318,979,026	637.96
Add: Shares issued during the year	483,274	0.96	224,066	0.45
Add: Shares issued due to Composite Scheme of Arrangement	58,654,556	117.31	-	-
Outstanding at the end of the year	**378,340,922**	**756.68**	**319,203,092**	**638.41**

(iii) Movement of shares pursuant to the composite scheme of arrangement

(₹ in Millions)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in millions	No. of Shares	₹ in millions
Equity Shares				
Equity Shares of ₹ 2/- pending issuance pursuant to the Composite scheme of arrangement	-	-	58,654,556	117.31
Incremental shares to be issued	**-**	**-**	**58,654,556**	**117.31**

(iv) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2020, equity shareholders were paid an interim dividend of ₹ 2.25/- (March 31, 2019 ₹ 5) per share.

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

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

(₹ in Millions)

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Ltd.	84,641,445	22.37%	84,641,445	22.40%
CDC Group PLC*	58,501,587	15.46%	58,501,587	15.48%
Nirmal Bhanwarlal Jain	47,265,154	12.49%	46,402,000	12.28%
HWIC Asia Fund Class A shares	28,362,530	7.50%	28,362,530	7.51%

*Equity Shares to CDC Group PLC have been alloted on March 30, 2020 post giving effect of the merger of India Infoline Finance Limited basis appointed date April 01, 2018.

(vi) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back except for 58,654,556 equity shares alloted on account of merger. (refer note 41.2).

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 24.1: Other Equity

(₹ in Millions)

Particulars	Share Application Money	Reserves & Surplus										Total	Non-Controlling Interest
		Capital Reserve	Securities Premium Reserve	General Reserve	Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Stock Compensation Reserve	Effective portion of Cash Flow Hedges		
Balance as at April 01, 2018	4.16	-	10,603.07	577.45	6.80	962.70	51.11	1,133.80	5,592.27	52.19	-	18,983.55	33.28
Addition due to Composite Scheme of Arrangement (Refer note 41.1)		(4,245.33)										(4,245.33)	
Addition due to Composite Scheme of Arrangement (Refer note 42.2)	-	4,843.93	7,630.80	463.00	3,868.50	-	2,250.00	3,845.70	(1,137.50)	19.36	-	21,783.79	-
Opening restated balance as on April 01,2018	**4.16**	**598.60**	**18,233.87**	**1,040.45**	**3,875.30**	**962.70**	**2,301.11**	**4,979.50**	**4,454.77**	**71.55**	**-**	**36,522.01**	**33.28**
Profit for the year	-	-	-	-	-	-	-	-	7,946.20	-	-	7,946.20	10.90
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	-	(100.16)	-	-	-	(0.11)
Interim dividend	-	-	-	-	-	-	-	-	(1,725.75)	-	-	(1,725.75)	-
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	-	(191.66)	-	-	(191.66)	-
Transfer to/ from reserves	-	-	19.49	4,946.46	875.42	613.00	-	(4,465.75)	(1,968.92)	(19.70)	-	(0.00)	-
On account of merger	-	-	-	-	-	-	-	-	(10.34)	-	-	(10.34)	-
On account of demerger	-	240.25	-	-	-	-	-	-	1.59	(24.94)	-	216.90	-
Addition during the year	(4.16)	-	65.76	-	-	-	-	-	-	68.46	-	130.07	-
Balance as at March 31, 2019 (refer note 41)	-	838.85	18,319.12	5,986.91	4,750.72	1,575.70	2,301.11	513.75	8,405.73	95.37	-	42,787.26	44.07
Profit for the year									**5,018.30**	**-**		**5,018.30**	**16.43**
Remeasurement of defined benefit (net of tax)									(66.53)			(66.53)	(0.07)
Interim dividend									(817.05)			(817.05)	(1.46)
Dividend distribution tax on interim dividend									(167.95)			(167.95)	(0.30)
Change in minority									2.27			2.27	(2.27)
Transfer to/ from reserves	-	-	10.26	537.74	832.22	493.00	-	(385.71)	(1,476.92)	(10.59)	-	-	
On account of merger		-	-						(25.83)			(25.83)	
Addition during the year			23.22	-	-	-	-	-	-	89.36	-	112.58	
Balance as at March 31, 2020	-	838.85	18,352.60	6,524.65	5,582.94	2,068.70	2,301.11	128.04	10,872.01	174.14	-	46,843.05	56.40
Balance as at March 31, 2020	**-**	**838.85**	**18,352.60**	**6,524.64**	**5,582.93**	**2,068.70**	**2,301.11**	**128.04**	**10,872.02**	**174.14**	**-**	**46,843.04**	**56.40**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 25.1 Interest income

(₹ in Millions)

Particulars	FY 2019-20				FY 2018-19			
	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	35,587.93	-	8,595.82	44,183.35	39,409.06	-	6,777.28	6,777.28
Interest on investments	-	73.79	-	73.79	-	498.18	-	498.18
Interest on deposits with banks	897.87	-	-	897.87	816.59	-	-	816.59
Interest on inter corporate deposit	349.85	-	-	349.85	46.36	-	-	46.36
Other income	688.42	-	-	688.42	-	-	-	-
Total	**37,524.07**	**73.79**	**8,595.42**	**46,193.28**	**40,272.01**	**498.18**	**6,777.28**	**47,547.47**

Note 25.2 Dividend income

The Group received dividend income amounting to ₹ 10.90 million/-(P.Y ₹ 800.24 million).

NOTE 26. FEE AND COMMISSION INCOME

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Administration Fees & Other charges	1,113.56	1,120.61
Insurance Commission	71.50	189.62
Total	**1,185.06**	**1,310.23**

NOTE 27. NET GAIN/(LOSS) ON FAIR VALUE CHANGE

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	(650.88)	120.02
Total net gain/(loss) on fair value changes	**(650.88)**	**120.02**
Fair value changes		
- Realised	(634.80)	117.00
- Unrealised	(16.08)	3.02
Total net gain/(loss) on fair value changes	**(650.88)**	**120.02**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 28. OTHER INCOME

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Interest on income tax refund	27.20	-
Rent income	32.88	-
Miscellaneous income	752.53	1,070.82
Profit on sale of fixed assets	5.44	-
Total	**818.05**	**1,070.82**

NOTE 29. FINANCE COSTS

(₹ in Millions)

Particulars	On Financial liabilities measured at Amortised Cost	
	FY 2019-20	FY 2018-19
Interest on debt securities (Refer note 29.2)	6,003.97	12,690.62
Interest on borrowings (Refer note 29.2)	14,965.28	10,952.96
Interest on subordinated liabilities	1,948.68	1,746.20
Interest on inter corporate deposit	205.74	86.73
Interest expense on lease - Ind AS 116	239.02	-
Other borrowing cost (Refer note 29.1 and 29.2)	605.47	373.92
Total	**23,968.16**	**25,850.43**

Note 29.1: Statement showing exchange fluctuation on account of foreign currency borrowings measured through Other Comprehensive Income:

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Other Borrowing Cost	605.47	373.92
Revaluation Gain on Foreign currency loan	(138.55)	(176.08)
Recognised in Other Comprehensive Income	138.55	176.08
Total Other Borrowing Cost	**605.47**	**373.92**

Note 29.2. Includes foreign currency expenses amounting to ₹ 939.47 million (P.Y ₹ 22.28 million)

NOTE 30. NET (GAIN)/ LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Interest strip on assignment of loans	(1,058.39)	(681.50)
Bad debts written off (net)	4,431.66	3,505.94
Total	**3,373.27**	**2,824.44**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 31. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Millions)

Particulars	FY 2019-20			FY 2018-19		
	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total
Loans (refer note 8.3)	256.40	(121.46)	134.94	166.25	(6.12)	160.13
Other financial assets	95.45	-	95.45	27.16	-	27.16
Total	**351.85**	**(121.46)**	**230.39**	**193.41**	**(6.12)**	**187.29**

NOTE 32. EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Salaries	6,633.34	6,230.49
Contribution to provident and other funds (Refer note 32.1)	421.10	288.73
Leave encashment	60.37	81.21
Gratuity (Refer note 32.2)	44.88	31.25
Staff welfare expenses	212.16	209.68
Share based payments	89.07	59.72
Total	**7,460.92**	**6,901.08**

32.1 Defined contribution plans

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

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Contribution to Provident fund	198.64	109.07
Contribution to Employee State Insurance Corporation	72.99	75.59
Contribution to Labour welfare fund	0.82	0.49
Company contribution to employee pension scheme	144.30	103.32
Contribution to NPS & IVTB	4.35	0.26
Total	**421.10**	**288.73**

32.2 Gratuity disclosure statement

(₹ in Millions)

Particulars	FY 2019-20			FY 2018-19		
	Finance	HFC	Samasta	Finance	HFC	Samasta
Type of Benefit	Gratuity			Gratuity		
Country	India			India		
Reporting Currency	INR			INR		
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)			Indian Accounting Standard 19 (Ind AS 19)		
Funding Status	Funded			Funded		
Starting Period	01-Apr-19			01-Apr-18		
Date of Reporting	31-Mar-20			31-Mar-19		
Period of Reporting	12 Months			12 Months		

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Assumptions	FY 2019-20			FY 2018-19		
Expected Return on Plan Assets	5.45% - 6.84%			6.76% - 7.79%		
Rate of Discounting	5.45% - 6.84%			6.76% - 7.79%		
Rate of Salary Increase	6% - 9%			5% - 10%		
Rate of Employee Turnover	For service 4 years and below 27% p.a. & thereafter 3% p.a.	For service 4 years and below 27% p.a. & thereafter 1% p.a.	24%	For service 4 years and below 31% p.a. & thereafter 2% p.a. For service 4 years and below 15% p.a. & thereafter 1% p.a.	For service 4 years and below 29% p.a. & thereafter 1% p.a.	24%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)			Indian Assured Lives Mortality (2006-08)		
Mortality Rate After Employment	N.A.			N.A.		

(₹ in Millions)

Assumptions	FY 2019-20	FY 2018-19
Table Showing Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the Beginning of the Year	161.42	130.09
Interest Cost	12.19	10.09
Current Service Cost	43.74	30.68
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	4.22	1.43
(Liability Transferred Out/ Divestments)	(2.70)	(0.42)
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	(2.02)	(0.29)
(Benefit Paid From the Fund)	(13.94)	(16.92)
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	8.64	3.31
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	30.54	(13.18)
Actuarial (Gains)/Losses on Obligations - Due to Experience	4.28	16.63
Present Value of Benefit Obligation at the End of the Year	246.37	161.42

(₹ in Millions)

Table Showing Change in the Fair Value of Plan Assets	FY 2019-20	FY 2018-19
Fair Value of Plan Assets at the Beginning of the Year	145.80	122.56
Interest Income	11.06	9.51
Contributions by the Employer	52.98	28.22
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	(13.94)	(16.92)
(Assets Distributed on Settlements)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	(1.97)	2.43
Fair Value of Plan Assets at the End of the Year	193.93	145.80

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Amount Recognized in the Balance Sheet	FY 2019-20	FY 2018-19
(Present Value of Benefit Obligation at the end of the Year)	(246.37)	(161.42)
Fair Value of Plan Assets at the end of the Year	193.93	145.80
Funded Status (Surplus/ (Deficit))	(52.44)	(15.62)
Net (Liability)/Asset Recognized in the Balance Sheet	(52.44)	(15.62)
Liabilities recognised in the Balance Sheet under "Other financial liabilities"	(52.44)	(15.62)

(₹ in Millions)

Net Interest Cost for Current Year	FY 2019-20	FY 2018-19
Present Value of Benefit Obligation at the Beginning of the Year	161.42	130.09
(Fair Value of Plan Assets at the Beginning of the Year)	(145.80)	(122.56)
Net Liability/(Asset) at the Beginning	15.62	7.53
Interest Cost	12.19	10.09
(Interest Income)	(11.05)	(9.51)
Net Interest Cost for Current Year	1.14	0.57

(₹ in Millions)

Expenses Recognized in the Statement of Profit or Loss for Current Year	FY 2019-20	FY 2018-19
Current Service Cost	43.74	30.68
Net Interest Cost	1.14	0.57
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	44.88	31.25

(₹ in Millions)

Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year	FY 2019-20	FY 2018-19
Actuarial (Gains)/Losses on Obligation For the Year	43.46	6.80
Return on Plan Assets, Excluding Interest Income	1.96	(2.43)
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Year Recognized in OCI	45.42	4.37

(₹ in Millions)

Balance Sheet Reconciliation	FY 2019-20	FY 2018-19
Opening Net Liability	15.62	7.53
Expenses Recognized in Statement of Profit or Loss	44.88	31.25
Expenses Recognized in OCI	45.42	4.37
Net Liability/(Asset) Transfer In	4.22	1.43
Net (Liability)/Asset Transfer Out	(2.70)	(0.42)
(Benefit Paid Directly by the Employer)	(2.02)	(0.29)
(Employer's Contribution)	(52.98)	(28.25)
Net Liability/(Asset) Recognized in the Balance Sheet	52.44	15.62

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Category of Assets	FY 2019-20	FY 2018-19
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	193.93	145.81
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	193.93	145.81

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

(₹ in Millions)

Net interest cost for next year	FY 2019-20	FY 2018-19
Present value of benefit obligation at the end of the year	246.37	161.42
(Fair value of plan assets at the end of the year)	(193.93)	(145.80)
Net liability/ (asset) at the end of the year	52.44	15.62
Interest cost	15.32	12.19
(Interest income)	(12.15)	(11.05)
Net interest cost for next year	3.17	1.14

(₹ in Millions)

Expenses recognised in the Statement of Profit or Loss for next year	FY 2019-20	FY 2018-19
Current service cost	63.92	43.74
Net interest cost	3.17	1.14
(Expected contributions by the employees)	-	-
Expenses recognised	67.09	44.88

(₹ in Millions)

Maturity Analysis of the Benefit Payments: From the Fund	FY 2019-20	FY 2018-19
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	15.28	9.98
2nd Following Year	6.76	4.34
3rd Following Year	7.48	4.73
4th Following Year	9.98	5.10
5th Following Year	10.79	7.03
Sum of Years 6 To 10	53.70	36.35
Sum of Years 11 and above	642.77	585.05

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Maturity Analysis of the Benefit Payments: From the Employer	FY 2019-20	FY 2018-19
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	15.28	9.98
2nd Following Year	6.76	4.34
3rd Following Year	7.48	4.73
4th Following Year	9.98	5.10
5th Following Year	10.79	7.03
Sum of Years 6 To 10	53.70	36.35
Sum of Years 11 and above	642.77	585.05

(₹ in Millions)

Sensitivity Analysis	FY 2019-20	FY 2018-19
Projected Benefit Obligation on Current Assumptions	246.37	161.42
Delta Effect of +1% Change in Rate of Discounting	(31.77)	(21.44)
Delta Effect of -1% Change in Rate of Discounting	39.14	26.45
Delta Effect of +1% Change in Rate of Salary Increase	33.75	23.11
Delta Effect of -1% Change in Rate of Salary Increase	(28.93)	(19.70)
Delta Effect of +1% Change in Rate of Employee Turnover	(3.95)	(0.20)
Delta Effect of -1% Change in Rate of Employee Turnover	4.32	0.04

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

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

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

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

Notes

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

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

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

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

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Qualitative disclosures

Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

Risks associated with defined benefit plan

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

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

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

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

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

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

Characteristics of defined benefit plans

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

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

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 33. OTHER EXPENSES

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Advertisement and marketing expenses (refer note 33.1)	534.41	555.04
Direct operating expenses	325.05	373.13
Bank charges	79.70	80.16
Commission to non whole-time directors	4.14	6.00
Communication costs	133.92	116.82
Electricity	175.33	140.48
Exchange and statutory charges	31.52	21.62
Legal & professional fees (refer note 33.1)	728.07	836.89
Directors sitting fees	8.52	8.13
Office expenses	576.37	400.88
Postage & courier	80.02	67.17
Printing & stationery	64.52	69.72
Rates & taxes	15.39	11.18
Rent	230.83	768.27
Repairs & maintenance		-
- Computer	21.83	17.99
- Others	119.96	95.81
Remuneration to auditors		
- Audit fees	5.43	3.36
- Certification / other services (refer note 33.2)	3.22	6.20
- Out of pocket expenses	1.68	1.37
Software charges (refer note 33.1)	301.43	286.65
Travelling & conveyance (refer note 33.1)	402.10	358.25
Corporate social responsibility expenses (refer note 43)	183.67	145.07
Miscellaneous expenses	85.93	60.16
Insurance premium	102.30	82.30
Loss on sale of fixed assets (net)	-	1.29
Total	**4,215.34**	**4,513.94**

Note 33.1: Includes below payments done in foreign currency (₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Advertisement and marketing expenses	0.57	5.67
Travelling & conveyance	0.09	-
Software charges	4.05	4.24
Legal & professional fees	7.00	1.81

Note 33.2: During the year the Group has paid ₹ 11.99 million to the auditors towards certification required under its Public Issue of Non Convertible Debentures and Secured Medium Term Note Programme, the same has been amortised over the tenure of the borrowings.

NOTE 34. EXCEPTIONAL ITEMS

a) During the year ended March 2019, the Group executed definitive agreement for the sale of its "Vehicle Financing Business" as a going concern on a slump sale basis to IndoStar Capital Finance Limited ("Indostar"). The profit on sale aggregating to ₹ 1,153.30 million has been disclosed as an exceptional item. In terms of the Business Transfer Agreement, the Group will be receiving the outstanding purchase consideration of ₹ 20,177.78 million from Indostar in 12 (twelve) equal monthly instalments from the closing date March 31, 2019 with interest.

b) During the previous year, goodwill amounting to ₹ 107.18 million has been impaired and disclosed as an exception item.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 35. INCOME TAXES

(₹ in Millions)

Amounts recognised in statement of profit or loss	FY 2019-20	FY 2018-19
Current tax expense		
Current year	1,778.98	2,891.55
Changes in estimates related to prior years	(43.19)	2.97
Deferred tax expense		
Origination and reversal of temporary differences	481.32	447.61
Recognition of previously unrecognised tax losses		
Total	**2,217.11**	**3,342.13**

(₹ in Millions)

Amounts recognised in other comprehensive income	FY 2019-20			FY 2018-19		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	(45.42)	11.43	(33.99)	(4.37)	2.11	(2.26)
Cash Flow Hedge (Net)	(43.58)	10.97	(32.61)	(245.24)	147.23	(98.01)
Total	**(89.00)**	**22.40**	**(66.60)**	**(249.61)**	**149.34**	**(100.27)**

(₹ in Millions)

Reconciliation of income tax expense of the year to accounting year	FY 2019-20	FY 2018-19
Profit before tax	**7,251.84**	**11,299.23**
Tax using the Group's domestic tax rate	1,920.26	3,595.50
Tax effect of:	-	
Non-deductible expenses	30.93	42.04
Tax-exempt income - others (includes deduction under section 80JJAA)	(196.32)	(263.43)
Tax-exempt income- dividend	(111.19)	(244.97)
Income taxed at different rates	1.75	(9.28)
Others	10.52	-
Change in tax rates (refer note 11.1 and 41.2)	499.03	496.31
Income routed through OCI	-	61.53
Adjustments for current tax for prior periods	(28.21)	1.46
Differential tax rate in subsidiary	32.56	
Past-year losses for which no deferred tax asset is recognised	-	(284.77)
Recognition of previously unrecognised deductible temporary differences	57.78	(52.26)
Total income tax expense	**2,217.11**	**3,342.13**

NOTE 36. EARNINGS PER SHARE

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

(₹ in Millions)

Particulars		FY 2019-20	FY 2018-19
Face value of equity shares in ₹ fully paid up		2	2
BASIC			
Profit after tax as per statement of Profit and Loss		5,018.30	7,946.20
Profit after tax attributable to equity share holders	A	5,018.30	7,946.20
Weighted average number of equity shares outstanding	B	378,044,762	377,715,954
Basic EPS (In ₹)	**A/B**	**13.27**	**21.04**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		378,044,762	377,715,954
Add: Potential equity shares on account conversion of Employees Stock Options		936,649	2,581,740
Weighted average number of equity shares for computation of diluted EPS	C	378,981,411	380,297,694
Diluted EPS (In ₹)	**A/C**	**13.24**	**20.89**

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NOTE 37. RISK MANAGEMENT

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

Risk management is integral to the Group's strategy. An enterprise wide risk management framework is in place to govern the Group's risk management processes. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed to ensure minimal impact on the Group's growth and performance. The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage.

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

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

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

Risk Management Structure

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

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

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

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

Risk Management Practices

The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage. A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement. In event of susceptibility to external triggers, appropriate risk mitigation would be undertaken and thereby minimize the losses to the Group. It has initiated a detailed portfolio quality review mechanism which enables analysis of portfolio along various behavioural, demographic and financial parameters. Additionally, through tie-ups with external bureaus, an analysis of collection performance coupled with continuous credit assessment for various key segments is undertaken. The practices aid in proactive course correction thereby modifying credit or sourcing mechanisms, if required. Additionally, application scorecard has been developed enabling the Group to standardize credit underwriting & improve sourcing quality in the long run. The Group's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analysed and tested on timely basis. The same is presented to Risk Management Committee at periodic intervals.

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

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

37A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables.

Credit quality analysis

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

(₹ in 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 using simplified approach	Total
Cash and cash equivalents	-	-	-	15,656.01	15,656.01
Bank Balance other than above	-	-	-	16,503.17	16,503.17
Receivables					
(i) Trade Receivables	-	-	2.95	295.22	298.17
(ii) Other Receivables	-				-
Loans *	212,511.73	13,701.75	8,134.58	1,535.10	235,883.16
Other Financial assets	-	-	-	3,590.39	3,590.39

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

(₹ in Millions)

Particulars	As at March 31, 2019				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach	Total
Cash and cash equivalents	-	-	-	12,754.06	12,754.06
Bank Balance other than above	-	-	-	12,462.28	12,462.28
Receivables					
(i) Trade Receivables	-	-	-	364.00	364.00
(ii) Other Receivables	-	-	-	20,177.78	20,177.78
Loans *	200,887.69	15,665.93	6,440.85		222,994.47
Other Financial assets	-	-	-	2,134.31	2,134.31

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

Financial Assets measured using simplified approach:

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

37A.2. Collateral held

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

37A.3. Loss allowance and Exposure at default

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

(i) Loans and advances

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL Mar-19	**1,658.28**	**3,149.73**	**4,686.18**	**9,494.19**
New loans disbursed during the year	1,450.34	175.22	599.43	2,224.99
Loans closed/written off during the year	(505.14)	(427.07)	(3,810.31)	(4,742.52)
Movement in provision without change in asset staging	1,160.43	(298.99)	140.55	1,001.99
Movement in provision due to change in asset staging	(88.21)	(1,516.69)	3,791.87	2,186.97
Closing ECL Mar-20	**3,675.70**	**1,082.20**	**5,407.72**	**10,165.62**

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL Mar-18	**2,371.89**	**2,823.17**	**3,849.38**	**9,044.44**
New loans disbursed during the year	1,020.00	543.29	432.88	1,996.17
Loans closed/written off during the year	(1,303.23)	(1,483.75)	(2,419.73)	(5,206.71)
Movement in provision without change in asset staging	(323.79)	58.09	32.12	(233.58)
Movement in provision due to change in asset staging	(106.59)	1,208.93	2,791.53	3,893.87
Closing ECL Mar-19	**1,658.28**	**3,149.73**	**4,686.18**	**9,494.19**

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

(₹ 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
Opening EAD Mar-2019	**2,82,133.14**	**16,298.23**	**6,440.85**	**304,872.22**
New loans disbursed during the year	143,296.70	4,718.64	1,043.49	**149,058.83**
Loans closed/written off during the year	(96,642.24)	(6,208.88)	(4,835.18)	**(107,686.30)**
Movement in EAD without change in asset staging	(34,415.77)	(134.40)	134.73	**(34,415.44)**
Movement in EAD due to change in asset staging	(6,796.64)	(536.94)	5,350.68	**(1,982.90)**
Closing EAD Mar-2020	**287,575.19**	**14,136.65**	**8,134.57**	**309,846.41**

(₹ 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
Opening EAD Mar-2018	**284,942.10**	**25,726.63**	**5,934.45**	**316,603.18**
New loans disbursed during the year	171,725.70	5,691.82	613.74	178,031.26
Loans closed/written off during the year	(103,550.71)	(13,434.75)	(3,680.52)	(120,665.98)
Movement in EAD without change in asset staging	(60,659.25)	(207.64)	(20.86)	(60,887.75)
Movement in EAD due to change in asset staging	(10,324.70)	(1,477.83)	3,594.04	(8,208.49)
Closing EAD Mar-2019	**282,133.14**	**16,298.23**	**6,440.85**	**304,872.22**

37A.4. Write off

Contractual amount outstanding on financial assets that were written off during the reporting period is ₹ 4,431.65 million(P.Y ₹ 3,505.94 million)

37A.5. Modified financial instruments

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

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Value of Modified Assets at the time of modification	758.55	147.16
Value of Modified Assets outstanding at end of year	686.01	138.11
Modification Gain/ Loss	(3.67)	(0.93)

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

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37A.6. Credit risk grading of loans

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

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

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

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

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

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

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

Credit Grading details : **(₹ in Millions)**

Period	Stage 1	Stage 2	Stage 3	Total EAD
March 31, 2020	2,87,575.19	14,136.65	8,134.57	3,09,846.41
March 31, 2019	2,82,133.14	16,298.23	6,440.85	3,04,872.22

37A.7. Concentration of Credit Risk

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

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

37B Liquidity Risk

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

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(i) Maturities of financial liabilities

(₹ in Millions)

Contractual maturities of financial liabilities (including financial guarantee) 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	439.18	-	267.63	-	-	171.55	-
Trade Payables	836.26	812.48	-	23.78	-	-	-
Other Payables	-	-	-	-	-	-	-
Finance Lease obligation*	3,816.16	184.15	178.54	335.78	1,232.45	943.98	941.26
Debt Securities	82,296.55	12,338.44	2,452.25	6,733.94	24,767.82	32,704.10	3,300.00
Borrowings (other than debt securities)(Note 1)	1,67,878.77	13,767.42	12,706.88	37,843.09	57,515.86	30,925.44	15,120.08
Subordinated Liabilities	20,651.21	550.00	2,000.00	-	8,050.00	1,750.00	8,301.21
Other financial liabilities	20,003.42	16,208.12	886.73	226.61	2,203.53	199.50	278.93
Financial guarantee contracts	17,524.37	17,524.37					
Total	**3,13,445.92**	**61,384.98**	**18,492.03**	**45,163.20**	**93,769.66**	**66,694.57**	**27,941.48**

* The amount represent undiscounted cash flows

(₹ in Millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2019	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	483.33	6.59	8.19	-	-	468.55	-
Trade Payables	1,087.23	975.94	-	111.29	-	-	-
Other Payables	-	-	-	-	-	-	-
Debt Securities	1,06,171.49	46,973.58	4,749.67	3,231.58	36,792.36	13,422.41	1,001.89
Borrowings (other than debt securities)(Note 1)	1,44,052.93	12,298.54	8,836.50	20,511.18	64,336.99	27,204.99	10,864.73
Subordinated Liabilities	15,615.84	-	-	-	5,370.00	1,259.21	8,986.63
Other financial liabilities	19,797.33	16,101.73	724.81	394.88	2,293.57	108.31	174.03
Financial guarantee contracts	25,738.85	25,738.85	-	-	-	-	-
Total	**3,12,947.00**	**1,02,095.23**	**14,319.17**	**24,248.93**	**1,08,792.92**	**42,463.47**	**21,027.28**

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

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

(ii) Financing arrangements

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

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	3,173.43	4,896.82
- Expiring beyond one year (bank loans)	-	-

37C Market Risk

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

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

37C.1 Interest rate risk

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

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	1,38,995.53	128,579.22
Fixed rate borrowings	131,831.00	137,568.71
Total borrowings	**270,826.53**	**266,147.93**

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

(₹ in Millions)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	9.30%	1,23,050.69	45.44%	9.13%	1,19,579.22	44.93%
External Commercial borrowings	8.62%	7,538.59	2.78%	-	-	-
Non convertible debentures	8.99%	8,406.25	3.10%	8.82%	9,000.00	3.38%
Netexposuretocashflowinterestrate risk		**1,38,995.53**			**1,28,579.22**	
Currency Interest Rate Swaps	9.36%	**3,769.29**	1.39%	9.36%	**3,458.57**	1.30%

An analysis by maturities is provided in note 38(C)(i) above. The percentage of total loans shows the proportion of loans that are currently at floating rates in relation to the total amount of borrowings.

The Group had the following variable rate loans outstanding:

(₹ in Millions)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate (%)	Balance	% of total loans	Weighted average interest rate (%)	Balance	% of total loans
Floating rate loans	11.87%	129,532.84	43.87%	11.90%	140,376.86	49.60%

(b) Sensitivity

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

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest rates – increase by 30 basis points	(312.04)	(261.16)	-	-
Interest rates – decrease by 30 basis points	312.04	261.16	-	-

* Holding all other variables constant

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Sensitivity

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

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest rates – increase by 30 basis points	290.80	275.10	-	-
Interest rates – decrease by 30 basis points	(290.80)	(275.10)	-	-

37C.2. Exposure to currency risks

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

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

The Group's currency position is as under

(₹ in Millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets	2,405.21	-	-	-	-	-
Foreign Currency Liabilities (in INR)*	417.90	-	-	-	-	-
Net Gap as at 31.03.2020	**1,987.31**	**-**	**-**	**-**	**-**	**-**

(₹ in Millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets	-	-	-	-	-	-
Foreign currency liabilities (in INR)*	427.91	-	-	-	-	-
Net gap as at March 31, 2019	**(427.91)**	**-**	**-**	**-**	**-**	**-**

*It is fully hedged by forward contract and CCIRS

Sensitivity

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

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD sensitivity				
INR/USD -Increase by 5%	(1,368.01)	(9.81)	-	-
INR/USD -Decrease by 5%	1,368.01	9.81	-	-

* Holding all other variables constant. The sensitivity on profit and loss is due to the timing difference of the maturity of the Cross currency interest rate swap. On the date of maturity of the Cross currency interest rate swap, the sensitivity of profit and loss to changes in the exchange rates will be NIL.

37C.3. Price Risk

(a) Exposure

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

(₹ in Millions)

Particulars	Equity Share	Mutual Funds /Alternate investment funds/ others	Bonds	Gsecs	Total
Market Value as on March 31, 2020	2,192.16	135.10	0.23	5,220.80	**7,548.29**
Market Value as on March 31, 2019	592.00	921.28	610.65	-	**2,123.93**

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

(b) Sensitivity

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

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Increase 5%	282.43	91.97		
Decrease 5%	(282.43)	(91.97)		

37D.Capital Management

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

37E. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer an liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

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

(₹ in Millions)

Particulars	As at March 31, 2020		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	15,656.01
Bank Balance other than (a) above	-	-	16,503.17
Derivative financial instruments	2,426.49	-	-
Receivables	-	-	-
(i) Trade Receivables	-	-	295.22
(ii) Other Receivables	-	-	-
Loans	-	58,110.66	227,209.07
Investments	7,548.29	-	-
Other Financial assets		-	3,456.10
Total financial assets	**9,974.78**	**58,110.66**	**263,119.57**

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Financial liabilities			
Derivative financial instruments	288.91	150.27	-
Trade Payables	-	-	836.26
Finance lease obligation	-	-	2,913.53
Debt Securities	-	-	81,844.93
Borrowings (Other than Debt Securities)	-	-	167,549.42
Subordinated Liabilities	-	-	20,436.99
Other financial liabilities	-	-	20,003.42
Total financial liabilities	**288.91**	**150.27**	**293,584.55**

(₹ in Millions)

Particulars	**As at March 31, 2019**		
	Fair Value through profit or loss	**Fair value through Other Comprehensive Income**	**Amortised cost / Cost**
Financial assets			
Cash and cash equivalents	-	-	12,754.06
Bank Balance other than (a) above	-	-	12,462.28
Derivative financial instruments	55.42	-	-
Receivables	-	-	-
(i) Trade Receivables	-	-	364.00
(ii) Other Receivables	-	-	20,177.78
Loans	-	59,751.52	2,14,023.13
Investments	2,123.93	-	-
Other Financial assets		-	2,042.61
Total financial assets	**2,179.35**	**59,751.52**	**2,61,823.86**
Financial liabilities			
Derivative financial instruments	62.01	421.32	-
Trade Payables	-	-	1,087.23
Debt Securities	-	-	1,05,861.49
Borrowings (Other than Debt Securities)	-	-	1,43,813.25
Subordinated Liabilities	-	-	15,495.79
Other financial liabilities	-	-	19,797.33
Total financial liabilities	**62.01**	**421.32**	**2,86,055.09**

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

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

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

(i) Quoted equity/instruments are measured based on the last traded price in the exchange and are classified as level 1.

(ii) Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.

(iii) Alternate Investment Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.

(iv) Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.

(v) Equity instruments in listed entities that are quoted market prices (unadjusted) in active markets for identical instruments are classified at level 1.

(vi) Government Securities are valued based on the closing price published by CCIL/ FIMMDA for March 2020 respectively and are classified as level 2.

(vii) Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/ designated agencies viz: CRISIL and ICRA and are classified as level 2.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(viii) The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs.

(ix) Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.

(x) Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.

(xi) The fair value principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date and are classified as Level 2.

(₹ in 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	Carrying Value
Financial assets					
Spot and forwards	-	2,426.49	-	2,426.49	2,426.49
Call option included under Debt securities & Subordinated liabilities		21.28	-	21.28	21.28
Loans - classified under FVOCI	-	-	58,110.66	58,110.66	58,110.66
Investments	**1,288.48**	**5,220.80**	**1,039.01**	**7,548.29**	**7,548.29**
(i) Mutual Funds/Alternate Investment fund / Others	85.09	-	50.01	135.10	135.10
(ii) Government Securities	-	5,220.80	-	5,220.80	5,220.80
(iii) Debt Securities	0.23	-	-	0.23	0.23
(iv) Equity	1,203.16	-	989.00	2,192.16	2,192.16
Total financial assets	**1,288.48**	**7,668.57**	**59,149.67**	**68,106.72**	**68,106.72**
Financial liabilities					
Forward exchange contract/ CCIRS	-	150.27	-	150.27	150.27
Interest rate derivative		267.63		267.63	267.63
Call option included under Debt securities & Subordinated liabilities		21.28		21.28	21.28
Total financial liabilities	**-**	**439.18**	**-**	**439.18**	**439.18**

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2019	Level 1	Level 2	Level 3	Total	Carrying Value
Financial assets					
Call option included under Debt securities & Subordinated liabilities	-	55.42	-	55.42	55.42
Loans - classified under FVOCI	-	-	59,751.52	59,751.52	59,751.52
Investments	**1,468.74**	**-**	**655.19**	**2,123.93**	**2,123.93**
(i) Mutual Funds/Alternate Investment fund / Others	858.09	-	63.19	921.28	921.28
(ii) Government Securities	-	-	-	-	-
(iii) Debt Securities	610.65		-	610.65	610.65
(iv) Equity	-	-	592.00	592.00	592.00
Total financial assets	**1,468.74**	**55.42**	**60,406.71**	**61,930.87**	**61,930.87**
Financial liabilities					
Forward exchange contract	-	427.91	-	427.91	427.91
Call option included under Debt securities & Subordinated liabilities		55.42	-	55.42	55.42
Total financial liabilities	**-**	**483.33**	**-**	**483.33**	**483.33**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

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

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

Short-term financial assets and liabilities

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

Loans, Debts, Borrowings and Subordinated Debts

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

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2020	Total fair value	Carrying Value	Valuation Hierarchy
Financial assets			
Cash and cash equivalents	15,656.01	15,656.01	
Bank Balance other than included above	16,503.17	16,503.17	
Receivables			
(i) Trade Receivables	295.22	295.22	
(ii) Other Receivables	-	-	
Loans	2,33,185.48	2,27,209.07	Level 3
Other Financial assets	3,456.10	3,456.10	
Total financial assets	**2,69,095.98**	**2,63,119.57**	
Financial Liabilities			
Trade Payables	836.26	836.26	
Finance lease obligation	2,913.53	2,913.53	
Debt Securities *	81,653.39	81,844.93	Level 3
Borrowings (Other than debt securities)	1,67,879.46	1,67,549.42	Level 3
Subordinated Liabilities	19,947.80	20,436.99	Level 3
Other financial liabilities	20,003.42	20,003.42	
Total financial liabilities	**2,93,233.86**	**2,93,584.55**	

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

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2019	Total fair value	Carrying Value	Valuation Hierarchy
Financial assets			
Cash and cash equivalents	12,754.06	12,754.06	
Bank Balance other than included above	12,462.28	12,462.28	
Receivables			
(i) Trade Receivables	364.00	364.00	
(ii) Other Receivables	20,177.78	20,177.78	
Loans	215,118.63	214,023.13	Level 3
Other Financial assets	2,042.61	2,042.61	
Total financial assets	**262,919.36**	**261,823.86**	
Financial Liabilities			
Trade Payables	1,087.23	1,087.23	
Debt Securities	104,876.09	105,861.49	Level 3

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2019	Total fair value	Carrying Value	Valuation Hierarchy
Borrowings (Other than Debt Securities)	143,915.93	143,813.25	Level 3
Subordinated Liabilities	14,697.03	15,495.79	Level 3
Other financial liabilities	19,797.33	19,797.33	
Total financial liabilities	**284,373.61**	**286,055.09**	

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

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

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2019	**59,751.52**	**63.19**	**592.00**
Purchases	-	-	-
Issuances	81,323.75	1.70	-
Settlements	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(82,964.61)	(0.50)	-
Total gain /losses recognised in profit and loss	-	(14.38)	397.00
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2020	**58,110.66**	**50.01**	**989.00**
Unrealised gain /losses related to balances held at the end of financial year	-	(18.12)	833.50

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2018	**43,012.38**	**90.27**	**381.75**
Purchases	-	-	-
Issuances	1,13,902.38	9.27	-
Settlements	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(97,163.24)	(7.93)	-
Total gain /losses recognised in profit and loss	-	(28.42)	210.25
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2019	**59,751.52**	**63.19**	**592.00**
Unrealised gain /losses related to balances held at the end of financial year	-	(3.74)	436.50

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

During the year ended March 31, 2020, the Group has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plans, the Group's business model remains to hold the assets for collecting contractual cash flows.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

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

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Financial assets derecognised during the year	82,964.61	97,163.24
Gain from derecognition	2,026.63	1,486.94

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

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

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of transferred assets measured at amortised cost	19,549.37	9,493.35
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	19,549.37	9,493.35
Fair value of assets	19,879.42	9,596.03
Fair value of associated liabilities	19,879.42	9,596.03
Net position at Fair value	-	-

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

Contingent Liabilities

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
In respect of Income tax demands (refer note (a) below)	539.76	493.12
In respect of Service Tax demands (refer note (b) below)	342.01	620.71
In respect of Profession Tax demands (refer note (c) below) In respect of Profession Tax Demands	1.53	1.55
In respect of Bank guarantees given (refer note (d) below)	17,524.37	25,738.85
In respect of Corporate guarantees given	253.40	20.00
In respect of legal case/ penalties	-	0.30
Contingent liability in respect of credit enhancement for securitisation transaction	1,868.12	1,322.91

(a) The Group has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to service tax demand ₹ 18.92 million (P.Y - ₹ 29.66 million)

(c) Amount paid under protest with respect to profession tax demand ₹ 0.47 million (P.Y - ₹ 0.47 million)

(d) The above guarantee has been given on behalf of subsidiaries/group companies.

(e) Amount paid under protest with respect to income tax demand is ₹ 267.16 million (P.Y ₹ 260.09 million).

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Commitments not provided for

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments related to loans sanctioned but undrawn	17,536.15	24,063.64
Estimated amount of contracts remaining to be executed on capital and operating account	169.28	126.82
Commitments related to Alternate Investment Funds	32.60	34.31

NOTE 39. EMPLOYEE STOCK OPTION

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

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

Particulars	As at March 2020 ESOP 2008	As at March 2019 ESOP 2008
Number of Option outstanding	434,937	948,456
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017	10-Aug-2012, 29-Oct-2012, 05 Nov-2013, 05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017
Grant Price (₹ Per Share)	₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71	₹ 25.79, ₹ 31.05, ₹ 26.47, ₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71

(b) (i) Movement of options during the year ended March 31, 2020

(₹ in Millions)

Particulars	Option Outstanding	Range of exercise price (in ₹)	"Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2019	**948,456**	**25.79-218.71**	**62.76**	**2.88**
Granted during the year	-	-	-	-
Expired/forfeited during the year	30,245	82.02-218.71	127.21	-
Exercised during the year	483,274	25.79-82.73	36.23	-
Outstanding as on March 31, 2020	**434,937**	**61.40-218.71**	**87.76**	**2.89**
Exercisable as on March 31, 2020	**419,537**	**61.40-218.71**	**82.95**	**2.85**

b) (ii) Movement of options during year ended March 31, 2019

(₹ in Millions)

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2019	**1,205,392**	**25.79-218.71**	**66.39**	**4.03**
Granted during the year	-	-	-	-
Expired/forfeited during the year	32,870	82.02-218.71	98.70	-
Exercised during the year	224,066	25.79-82.73	77.03	-
Outstanding as on March 31, 2020	**948,456**	**25.79-218.71**	**62.76**	**2.88**
Exercisable as on March 31, 2020	**620,676**	**25.79-218.71**	**46.25**	**2.27**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Fair Value Methodology:

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

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

(₹ in Millions)

Particulars	ESOP 2008	
	2019-20	2018-19
Stock price (₹)	-	-
Volatility	-	-
Risk-free Rate	-	-
Exercise price (₹)	-	-
Time to Maturity (Years)	-	-
Dividend yield	-	-
Weight Average Value (₹)	-	-

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

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

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

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

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

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

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

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

Particulars	As at March 2020 ESOP 2008	As at March 2019 ESOP 2008
Number of Option outstanding	8,265,678	9,173,539
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018, 18-Jan-2019 and 18-Sep-2019	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21 Nov-2018 and 18-Jan-2019
Grant Price (₹ Per Share)	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(b) (i) Movement of options during the year ended March 31, 2020

(₹ in Millions)

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2019	9,173,539	61.48 -182.22	157.60	**6.15**
Granted during the year	13,500	129.63	129.63	
Expired/forfeited during the year	921,361	61.48 -182.22	156.73	
Exercised during the year	-	-	-	
Outstanding as on March 31, 2020	8,265,678	61.48 -182.22	157.65	**5.15**
Exercisable as on March 31, 2020	1,795,582	61.48 -182.22	125.01	**4.34**

(b) (ii) Movement of options during the year ended March 31, 2019

(₹ in Millions)

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2018	**2,457,600**	**61.48 -106.67**	**98.40**	5.65
Granted during the year	7,982,562	142.22-182.22	172.14	
Expired/forfeited during the year	1,266,623	61.48 -182.22	134.34	
Exercised during the year	-	-	-	
Outstanding as on March 31, 2019	**9,173,539**	**61.48 -182.22**	**157.60**	6.15
Exercisable as on March 31, 2019	**569,298**	**61.48 -106.67**	**91.12**	4.46

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Fair Value Methodology:

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

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

Particulars	ESOP 2020			
	21-Nov-18	04-Sep-18	02-May-18	02-May-18
Stock price (₹)	179.63	179.63	179.63	179.63
Volatility	59%	59%	59%	59%
Risk-free Rate	7.21% - 7.40%	7.21% - 7.44%	7.13% - 7.40%	7.13% - 7.34%
Exercise price (₹)	177.04	177.04	142.22	142.22
Time to Maturity (Years)	5.39	5.43	5.09	4.84
Dividend yield	1.00%	1.00%	1.00%	1.00%
Weight Average Value (₹)	102.29	102.87	106.78	106.94

Particulars	ESOP 2020		
	18-Sep-19	18-Jan-19	18-Jan-19
Stock price (₹)	179.63	179.63	179.63
Volatility	59%	59%	59%
Risk-free Rate	7.34% - 7.49%	7.28% - 7.49%	7.28% - 7.44%
Exercise price (₹)	129.63	182.22	182.22
Time to Maturity (Years)	6.22	5.80	5.55
Dividend yield	1.00%	1.00%	1.00%
Weight Average Value (₹)	118.06	161.25	102.16

Stock Price: The fair value of stock as on Appointed Date, i.e., April 1, 2018 ("the Effective date" or the "Date of Modification") has been used to value the outstanding grants based on Mercahnt Banker's Report.

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

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

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

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

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

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For the year ended March 31, 2020 (Contd.)

40. LIST OF RELATED PARTIES

Nature of relationship	Name of party
Key managerial personnel	Mr. Nirmal Jain
	Mr. R. Venkataraman
	Mr. Sumit Bali
	Mr. Prabodh Agarwal (Upto February 01, 2020)
	Mr. Rajesh Rajak (w.e.f March 12,2020)
Relatives of key managerial personnel	Mrs. Aditi Athavankar (Spouse of R. Venkataraman)
Other related parties (due to Common promoter w.e f April 01, 2018)/ Fellow subsidiaries (upto March 31, 2018)	IIFL Securities Limited
	IIFL Management Services Limited
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	India Infoline Foundation
	IIFL Alternate Asset Advisors Limited
	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Wealth Finance Limited
	5paisa Capital Limited

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

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For the year ended March 31, 2020 (Contd.)

40.1 Significant transactions with related parties

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Interest income			
5paisa Capital Limited	53.63		53.63
	(6.64)	-	(6.64)
IIFL Management Services Limited	82.96		82.96
	(7.12)	-	(7.12)
IIFL Facilities Services Limited	211.76		211.76
	(4.53)	-	(4.53)
IIFL Securities Limited	2.92		2.92
	(28.04)	-	(28.04)
Interest expense			
IIFL Facilities Services Limited	223.97		223.97
	(114.41)	-	(114.41)
IIFL Wealth Finance Limited	23.54		23.54
	(2.26)	-	(2.26)
IIFL Insurance Brokers Limited	2.16		2.16
	-		-
IIFL Alternate Asset Advisor Limited	-		-
	(1.82)	-	(1.82)
Referral fees income			
IIFL Wealth Management Limited	-		-
	(14.35)		(14.35)
Investment Banking Income Pass through			
IIFL Securities Limited	15.69	-	15.69
	-	-	-
Donation paid			
India Infoline Foundation	178.81		178.81
	(145.10)	-	(145.10)
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees			
IIFL Wealth Management Limited	114.63		114.63
	(154.23)	-	(154.23)
IIFL Securities Limited	148.39		148.39
	(249.15)	-	(249.15)
IIFL Management Services Limited	97.76		97.76
	(59.55)	-	(59.55)
IIFL Investment Advisors And Trustee Services Limited	-		-
	(25.00)	-	(25.00)
5 Paisa Capital Limited	11.18		11.18
	(1.17)	-	(1.17)
IIFL Facilities Services Limited	-		-
	(25.00)	-	(25.00)
Rent expenses			
IIFL Facilities Services Limited	17.50		17.50
	(62.33)	-	(62.33)
Aditi Athavankar	-	1.80	1.80
	-	(2.40)	(2.40)

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Commission / brokerage expense			
IIFL Securities Limited	0.90		0.90
	(5.06)	-	(5.06)
Remuneration paid			
Mr.Nirmal Jain	-	86.97	86.97
	-	(68.71)	(68.71)
Mr.R. Venkataraman	-	5.50	5.50
	-	(48.57)	(48.57)
Mr.Sumit Bali	-	62.50	62.50
	-	(46.27)	(46.27)
Equity dividend paid			
India Infoline Employee Trust	0.17	-	0.17
	(0.38)	-	(0.38)
ICD/loan taken			
IIFL Facilities Services Limited	83,080.00		83,080.00
	(21,270.00)	-	(21,270.00)
IIFL Securities Limited	30,785.00		30,785.00
			-
IIFL Insurance Brokers Limited	146.60		146.60
			-
IIFL Wealth Finance Limited	1,000.00		1,000.00
			-
ICD/loan returned			
IIFL Facilities Services Limited	83,080.00		83,080.00
	(21,270.00)	-	(21,270.00)
IIFL Securities Limited	30,785.00		30,785.00
			-
IIFL Insurance Brokers Limited	146.60		146.60
			-
IIFL Wealth Finance Limited	1,000.00		1,000.00
			-
ICD/loan given			
5paisa Capital Limited	3,418.10		3,418.10
	(1,072.00)	-	(1,072.00)
IIFL Facilities Services Limited	58,659.20		58,659.20
	(23,592.50)	-	(23,592.50)
IIFL Management Services Limited	6,628.60		6,628.60
	(2,740.00)	-	(2,740.00)
IIFL Securities Limited	5,590.00		5,590.00
	(26,330.00)	-	(26,330.00)
ICD/loan received back			
5paisa Capital Limited	2,418.10		2,418.10
	(1,072.00)	-	(1,072.00)
IIFL Management Services Limited	6,349.50		6,349.50
	(2,450.00)	-	(2,450.00)

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
IIFL Facilities Services Limited	56,462.20		56,462.20
	(23,065.00)	-	(23,065.00)
IIFL Securities Limited	5,590.00		5,590.00
	(26,330.00)	-	(26,330.00)
Allocation / reimbursement of expenses paid			
IIFL Securities Limited	377.82		377.82
	(650.04)	-	(650.04)
IIFL Management Services Limited	20.32		20.32
	(15.19)	-	(15.19)
IIFL Facilities Services Limited	37.70		37.70
	(47.00)	-	(47.00)
IIFL Asset Management Limited	7.50		7.50
			-
5 Paisa Capital Limited			-
	(0.02)	-	(0.02)
Allocation / reimbursement of expenses paid others			
IIFL Facilities Services Limited	0.79		0.79
	(0.55)	-	(0.55)
IIFL Commodities Limited	-		-
	(0.05)	-	(0.05)
IIFL Insurance Brokers Limited	2.50		2.50
	(0.07)	-	(0.07)
5paisa Capital Limited	2.43		2.43
	(0.15)	-	(0.15)
IIFL Management Services Limited	0.82	-	0.82
	(0.13)	-	(0.13)
IIFL Securities Limited	50.05		50.05
	(9.80)	-	(9.80)
IIFL Wealth Management Limited	1.12		1.12
	(0.11)	-	(0.11)
Allocation / reimbursement of expenses received			
IIFL Facilities Services Limited	0.62		0.62
	(0.01)	-	(0.01)
IIFL Management Services Limited	0.64		0.64
	(0.99)	-	(0.99)
5paisa Capital Limited	8.26		8.26
	(2.69)	-	(2.69)
IIFL Securities Limited	40.10		40.10
	(39.05)	-	(39.05)
IIFL Wealth Management Limited	5.64		5.64
			-
IIFL Insurance Brokers Limited			-
	(0.64)	-	(0.64)

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Allocation / reimbursement of expenses received others			
IIFL Facilities Services Limited	0.23		0.23
	(0.53)	-	(0.53)
IIFL Management Services Limited	3.26		3.26
	(31.01)	-	(31.01)
IIFL Insurance Brokers Limited	2.10		2.10
			-
IIFL Asset Management Limited	2.47		2.47
			-
India Infoline Foundation	0.04		0.04
			-
5 Paisa Capital Limited	4.60		4.60
	(0.06)	-	(0.06)
IIFL Wealth Management Limited	0.29		0.29
	(0.00)	-	(0.00)
IIFL Securities Limited	50.04		50.04
	(3.19)	-	(3.19)
Security deposit paid towards rent			
IIFL Facilities Services Limited			-
	(11.70)	-	(11.70)
Purchase of investment 8.93% India Housing Finance 14 Apr-2023			
IIFL Wealth Finance Limited	513.93	-	513.93
	-	-	-
Sale of investment 8.93% India Housing Finance 14 Apr-2023			
IIFL Wealth Finance Limited	507.93	-	507.93
	-	-	-
Dividend Income			
IIFL Commodities Limited	-		-
	(12.54)		(12.54)
IIFL Insurance Brokers Limited	-		-
	(50.00)		(50.00)
IIFL Securities Limited	-		-
	(280.77)		(280.77)
IIFL Wealth Management Limited	-		-
	(450.00)		(450.00)
Non convertible debenture Issued			
IIFL Alternate Asset Advisors Limited	500.00		500.00
	(1,019.54)	-	(1,019.54)
IIFL Wealth Finance Limited	4,483.00		4,483.00
	(1,731.61)	-	(1,731.61)
IIFL Management Services Limited	2,322.00		2,322.00
			-

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Non convertible debenture Redeemed			
IIFL Alternate Asset Advisors Limited	-		-
	(286.74)	-	(286.74)
IIFL Wealth Finance Limited	1,523.79		1,523.79
	(65.25)	-	(65.25)
IIFL Facilities Services Limited	3,475.00		3,475.00
	(197.10)	-	(197.10)

Note 40.2 Closing balances with related parties

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Other payable			
IIFL Facilities Services Limited	1.24	-	1.24
	(0.12)	-	(0.12)
IIFL Securities Limited	0.69	-	0.69
	(24.68)	-	(24.68)
IIFL Management Services Limited	-	-	-
	(17.57)	-	(17.57)
5paisa Capital Limited	-	-	-
	(0.50)	-	(0.50)
Other receivable			
IIFL Insurance Brokers Limited	-	-	-
	(0.02)	-	(0.02)
IIFL Management Services Limited	0.03	-	0.03
	-	-	-
IIFL Asset Management Limited	2.47	-	2.47
	-	-	-
IIFL Wealth Management Limited	0.63	-	0.63
	(4.87)	-	(4.87)
Security Deposit receivable			
Aditi Athavankar	-	-	-
	-	(50.00)	(50.00)
IIFL Facilities Services Limited	8.75	-	8.75
	(11.70)	-	(11.70)
Outstanding ICD given			
IIFL Management Services Limited	569.10	-	569.10
	(290.00)	-	(290.00)
5paisa Capital Limited	1,000.00	-	1,000.00
	-	-	-
IIFL Facilities Services Limited	2,724.50	-	2,724.50
	(527.50)	-	(527.50)
Outstanding non convertible debenture issued			
IIFL Facilities Services Limited	200.00		200.00
	(200.00)	-	(200.00)

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
IIFL Management Services Limited	221.30		221.30
			-
IIFL Wealth Finance Limited	11.00		11.00
			-
Interest accrued on outstanding non convertible debenture issued			
IIFL Facilities Services Limited	12.88	-	12.88
	(12.82)	-	(12.82)
IIFL Management Services Limited	7.88	-	7.88
	-	-	-
IIFL Wealth Finance Limited	1.24	-	1.24
	-	-	-
Corporate Guarantee			
IIFL Securities Limited	-	-	-
	(900.00)	-	(900.00)
Gratuity payable*			
Mr.Nirmal Jain	-	1.42	1.42
	-	(1.20)	(1.20)
Mr.R. Venkataraman	-	1.44	1.44
	-	(1.20)	(1.20)
Mr.Sumit Bali	-	0.46	0.46
	-	(0.11)	(0.11)
Leave encashment payable*			
Mr.Nirmal Jain	-	6.69	6.69
	-	(4.84)	(4.84)
Mr.R. Venkataraman	-	3.54	3.54
	-	(3.44)	(3.44)
Mr.Sumit Bali	-	0.24	0.24
	-	(0.28)	(0.28)

* Based on acturial valuation report

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

(Figure in bracket represents previous year figures)

NOTE 41: COMPOSITE SCHEME OF ARRANGEMENT

Note 41.1: Demerged Operation in the previous year

The Board of Directors of the Company at their meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst India Infoline Finance Limited (""India Infoline Finance"), IIFL Finance Limited (""the Company"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth"") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisages the following:

i. amalgamation of IIFL M&R with the Company;

ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of Company into IIFL Securities;

iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of Company into IIFL Wealth;

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis; and

v. Amalgamation of India Infoline Finance with the Company.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of April 01, 2017 and for all the other steps, the Appointed Date is opening hours of April 01, 2018.

The National Company Law Tribunal Bench at Mumbai (Tribunal) approved the Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

Certified copy of the said order of the Tribunal was received by the Company on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019 merely for complying with the provisions of Section 232 (5) of the Companies Act, 2013.

Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of India Infoline Finance with the Company shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by the Company from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by the Company, the Board of Directors at its meeting held on May 13, 2019 decided to give effect to the Scheme (except for the part relating to amalgamation of India Infoline Finance with the Company) in the following manner:

a) Merger of IIFL M&R with the Company with effect from the Appointed Date i.e. April 01, 2017;

b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from the Company with effect from the Appointed Date i.e. April 01,2018; and

c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution with effect from the Appointed Date April 01, 2018.

d) Merger of India Infoline Finance with the Company to be given effect after receipt of necessary registration from the RBI.

The Company fixed May 31, 2019 as the Record date for determining the eligibility of the shareholders of the Company for allotting shares of IIFL Securities and IIFL Wealth in the ratio of 1 (One) fully paid up new equity share of ₹ 2 each of IIFL Securities for every 1 (One) equity share of ₹ 2 each of the Company and 1 (One) fully paid up new equity share of ₹ 2 each of IIFL Wealth for every 7 (Seven) equity shares of ₹ 2 each of the Company. Accordingly on June 6, 2019, IIFL Securities and IIFL Wealth allotted 31,92,34,462 & 4,56,04,924 equity shares respectively to eligible shareholders of the Company. IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchanges(s) on September 19, 2019 and September 20, 2019 respectively.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

(I) Following Assets and Liabilities were transferred to Respective undertakings on April 01, 2018 as per the composite scheme of arrangement

(₹ in millions)

Particulars	Securities Undertaking	Wealth Undertaking
ASSETS		
1. Financial Assets		
(a) Cash and cash equivalents	187.25	38.46
(b) Bank Balance other than (a) above	2.49	0.07
(c) Receivables		
(I) Trade receivables	23.04	2.38
(II) Other receivables	1.54	-
(d) Investments	1,256.67	66.02
(e) Other financial assets	40.11	3.36
Sub-total	**1,511.10**	**110.29**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in millions)

Particulars	Securities Undertaking	Wealth Undertaking
2. Non-financial Assets		
(a) Current tax assets (net)	-	-
(b) Deferred tax Assets (net)	-	20.08
(c) Property, Plant and Equipment	6.57	3.39
(d) Other intangible assets	3.62	1.75
(e) Other non-financial assets	3.05	2.06
Sub-total	**13.24**	**27.28**
Total Assets	**1,524.34**	**137.57**
LIABILITIES AND EQUITY		
LIABILITIES		
1. Financial Liabilities		
(a) 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	3.48	2.83
(II) Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises"	-	-
(b) Other financial liabilities	-	34.61
Sub-total	**3.48**	**37.44**
2. Non-Financial Liabilities		
(a) Current tax liabilities (Net)	-	-
(b) Provisions	28.38	2.10
(c) Deferred tax liabilities (Net)	8.41	-
(d) Other non-financial liabilities	13.92	0.97
Sub-total	**50.71**	**3.07**
Total Liabilities	**54.19**	**40.51**
Net Assets transferred	**1,470.15**	**97.06**

(II) Following table showing movement of capital reserve

(₹ in Millions)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Net assets value of Securities Business Undertaking (a)	1,414.99	1,470.15
Net assets value of Wealth Business Undertaking (b)	116.47	97.06
Cancellation of investments in IIFL Securities and IIFL Wealth (c)	2,678.13	2,678.13
ESOP reserves (d)	24.95	-
Retain earnings (e)	179.56	-
Adjustments to Capital Reserve out of above (a+b+c-d-e) *	**4,005.08**	**4,245.33**

* As there is no cash settlement, movement of assets and liabilities and profit and loss and other comprehensive income for the period ended March 31, 2019 has been adjusted against capital reserve.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 41.2: Merger

The Company received the Non-banking Financial Company License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the Reserve Bank of India to carry on the Non Banking Financial Activity on March 11, 2020. Thereafter, the Company has decided to give effect to the amalgamation of India Infoline Finance and the Company with effect from March 30, 2020 with Appointed date as April 1, 2018.

Consequently, the residual shareholders of India Infoline Finance Limited were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of ₹ 2 each in the Company for every 100 shares held in India Infoline Finance Limited. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

Pursuant to the merger, the Company has filed the revised Return of Income for FY 2018-19 on March 31, 2020 by applying corporate tax rate @ 25% on the taxable Income of the merged entity considering the turnover of the Company for FY 2016-17 being less than ₹ 2,500 millions. As a result, the merged tax liability of the Company has reduced and thereby, the excess current tax provision and deferred tax assets created of ₹ 391.06 millions and ₹ 493.81 millions respectively, in the books India Infoline Finance Limited, has been reversed during the year ended on March 31, 2019.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

(I) Following Assets Liabilities and Other Equity were transferred from India Infoline Finance Limited as on April 01, 2018 as per the composite scheme of arrangement

(₹ in millions)

Particulars	As at April 01, 2018
ASSETS	
1. Financial Assets	
(a) Cash and cash equivalents	1,535.36
(b) Bank Balance other than (a) above	8,946.97
(c) Receivables	
(I) Trade receivables	207.19
(d) Loans	155,971.83
(e) Investments	17,235.69
(f) Other financial assets	1,013.61
Sub-total	**184,910.65**
2. Non-financial Assets	
(a) Current tax assets (net)	1,186.54
(b) Deferred tax Assets (net)	2,967.34
(c) Investment Property	2,451.14
(d) Property, Plant and Equipment	626.96
(e) Capital work-in-progress	41.93
(f) Other intangible assets	13.07
(g) Other non-financial assets	122.76
Sub-total	**7,409.74**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in millions)

Particulars	As at April 01, 2018
Total Assets	**192,320.39**
LIABILITIES AND EQUITY	
LIABILITIES	
1. Financial Liabilities	
(a) 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	412.66
(II) Other payables	
(i) Total outstanding dues of micro enterprises and small enterprises	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	
(b) (b) Debt Securities	92,958.27
(c) Borrowings (Other than Debt Securities)	50,535.75
(d) Subordinated Liabilities	9,413.66
(e) Other financial liabilities	5,424.09
Sub-total	**158,744.43**
2. Non-Financial Liabilities	
(a) Current tax liabilities (Net)	459.49
(b) Provisions	160.73
(c) Other non-financial liabilities	864.94
Sub-total	**1,485.16**
Total Liabilities	**160,229.59**
Net Assets	**32,090.80**
Less : Other Equity	(29,283.38)
Net Assets transferred	**2,807.42**

(II) Following table showing movement of capital reserve

(₹ in millions)

Particulars	As at April 01, 2018
Cancellation of investments in IIFL Finance Limited (a)	10,189.71
Net Assets transferred (b)	2,807.42
Securities Premium to be Cancelled on account of merger (c)	7,816.25
Cancellation of Non Controlling Interest (d)	4,527.28
Issue of new equity share of IIFL Finance Limited in Ratio 135:100 (e)	117.31
Capital reserve created on account out of above (a-b-c-d+e)	**(4,843.93)**

Previous year numbers have been recasted to give effect to the above scheme of merger w.e.f April 01, 2018, being the appointed date of merger as per the Court approved scheme.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 42.1. Maturity analysis of assets and liabilities as at March 31, 2020

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	ASSETS			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	15,656.01	-	15,656.01
(b)	Bank balance other than (a) above	15,483.00	1,020.17	16,503.17
(c)	Derivative financial instruments	-	2,426.49	2,426.49
(d)	Receivables			
(i)	Trade receivables	295.22	-	295.22
(ii)	Other receivables	-	-	-
(e)	Loans	1,25,535.58	1,59,784.15	2,85,319.73
(f)	Investments	6,442.94	1,105.35	7,548.29
(g)	Other financial assets	924.80	2,531.30	3,456.10
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	41.89	2,074.09	2,115.98
(b)	Deferred tax assets (net)	-	2,429.46	2,429.46
(c)	Investment property	-	2,030.80	2,030.80
(d)	Property, plant and equipment	-	1,141.50	1,141.50
(e)	Capital work-in-progress	-	24.94	24.94
(f)	Right of-use assets	-	2,771.26	2,771.26
(g)	Other Intangible assets	-	12.51	12.51
(h)	Other non-financial assets	1,499.64	179.64	1,679.28
	Total Assets	**1,65,879.08**	**1,77,531.66**	**3,43,410.74**
	LIABILITIES AND EQUITY			
	Liabilities	-	439.18	439.18
[1]	Financial liabilities			
(a)	Derivative financial instruments	267.63	171.55	439.18
(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	836.26	-	836.26
(II)	Other payables			
(i)	total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Finance lease obligation	479.96	2,433.57	2,913.53
(d)	Debt securities	21,388.62	60,456.31	81,844.93
(e)	Borrowings (other than debt securities)	69,192.20	98,357.22	1,67,549.42
(f)	Subordinated liabilities	2,524.97	17,912.02	20,436.99
(g)	Other financial liabilities	17,264.47	2,738.95	20,003.42
[2]	Non-financial liabilities			
(a)	Current tax liabilities (net)	424.97	-	424.97
(b)	Provisions	289.74	320.14	609.88
(c)	Other non-financial liabilities	696.03	-	696.03
[3]	Equity			
(a)	Equity Share capital	-	756.68	756.68
(b)	Other Equity	-	46,843.05	46,843.05
(c)	Non-controlling interest	-	56.40	56.40
	Total Liabilities and Equity	**1,13,364.85**	**2,30,045.89**	**3,43,410.74**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Note 42.2. Maturity analysis of assets and liabilities as at March 31, 2019

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	ASSETS			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	12,754.06	-	12,754.06
(b)	Bank balance other than (a) above	12,227.76	234.52	12,462.28
(c)	Derivative financial instruments	-	55.42	55.42
(d)	Receivables			
(i)	Trade receivables	364.00	-	364.00
(ii)	Other receivables	20,177.78	-	20,177.78
(e)	Loans	1,26,905.48	1,46,869.17	2,73,774.65
(f)	Investments	2,002.72	121.21	2,123.93
(g)	Other financial assets	444.76	1,597.85	2,042.61
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	26.24	1,606.90	1,633.14
(b)	Deferred tax assets (net)	-	2,952.58	2,952.58
(c)	Investment property	-	2,634.85	2,634.85
(d)	Property, plant and equipment	-	1,027.80	1,027.80
(e)	Capital work-in-progress	-	67.77	67.77
(f)	Other Intangible assets	-	23.50	23.50
(g)	Other non-financial assets	260.17	33.97	294.14
	Total Assets	**1,75,162.97**	**157,225.54**	**332,388.51**
	LIABILITIES AND EQUITY			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	14.78	468.55	483.33
(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	1,087.23	-	1,087.23
(II)	Other payables			
(i)	total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Debt securities	54,217.03	51,644.46	105,861.49
(d)	Borrowings (other than debt securities)	46,977.88	96,835.37	143,813.25
(e)	Subordinated liabilities	-	15,495.79	15,495.79
(f)	Other financial liabilities	17,221.42	2,575.91	19,797.33
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	546.39	-	546.39
(b)	Provisions	292.78	351.82	644.60
(c)	Other non-financial liabilities	1,072.05	-	1,072.05
[3]	**Equity**			
(a)	Equity Share capital	-	638.41	638.41
(b)	Incremental shares pending issuance		117.31	117.31
(c)	Other Equity	-	42,787.26	42,787.26
(d)	Non-controlling interest	-	44.07	44.07
	Total Liabilities and Equity	**121,429.56**	**210,958.95**	**332,388.51**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 43. CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2019-2020, the Group has spent ₹ 183.67 million (P.Y. ₹ 145.07 million) out of the total amount of ₹ 183.67 million (P.Y. ₹ 145.07 million) required to be spent as per section 135 of the Companies Act, 2013 in respect of Corporate Social Responsibility (CSR). The aforementioned amount has been contributed to India Infoline Foundation.

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

(₹ in Millions)

Name of entity in the Group	Net Assets i.e Total Assets less Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
IIFL Finance Limited (Formerly IIFL Holdings Limited)	51.90%	24,732.84	33.39%	1,680.95	37.33%	(24.86)	33.33%	1,656.09
Indian Subsidiaries								
IIFL Home Finance Limited (formerly India Infoline Housing Finance Limited)	37.77%	18,000.14	48.65%	2,449.23	55.15%	(36.73)	48.56%	2,412.50
Samasta Microfinance Limited	10.57%	5,035.15	20.99%	1,056.60	7.41%	(4.94)	21.17%	1,051.66
Clara Developers Private Limited	0.00%	(0.00)	0.00%	(0.08)	-	-	0.00%	(0.08)
Trust with Residual Beneficial Interest								
Eminent Trust October 2019	-0.18%	(86.70)	-1.72%	(86.70)	-	-	-1.75%	(86.70)
Eminent Trust November 2019	**-0.17%**	**(81.70)**	**-1.62%**	**(81.70)**	**-**	**-**	**-1.64%**	**(81.70)**
Subtotal	**99.88%**	**47,599.73**	**99.67%**	**5,018.30**	**99.89%**	**(66.53)**	**99.67%**	**4,951.77**
Non Controlling interest in subsidiaries	0.12%	56.40	0.33%	16.43	0.11%	(0.07)	0.33%	16.36
Total		**47,656.13**		**5,034.73**		**(66.60)**		**4,968.13**

NOTE 45. SEGMENT REPORTING

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

NOTE 46. SHARED SERVICES

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

NOTE 47. These consolidated financial statements were authorised for issue by the Group's Board of Directors on May 28, 2020.

NOTE 48. Previous year's figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of IIFL Finance Ltd
(Formerly known as IIFL Holdings Ltd)

NIRMAL JAIN
Director
DIN : 00010535

R. VENKATARAMAN
Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Place : Mumbai
Dated: May 28, 2020

Form AOC-I

Salient features of financial statements of Subsidiaries as per Companies Act, 2013 as on March 31, 2020

Sr. No.	Particulars	IIFL Home Finance Limited (formerly India Infoline Housing Finance Limited)	Samasta Microfinance Limited	Clara Developers Private Limited
1	Share Capital	209.68	2,642.45	0.10
2	Other Equity	17,790.46	2,449.10	(0.10)
3	Total Assets	144,970.69	26,619.40	0.03
4	Total Liabilities	126,970.55	21,527.85	0.03
5	Investments	378.52	0.50	-
6	Total Turnover	17,751.94	5,821.08	-
7	Profit/ (loss) before taxation	3,289.36	1,403.30	(0.08)
8	Provision for taxation (including deferred tax)	840.14	330.26	-
9	Total Comprehensive Income	2,412.49	1,068.02	(0.08)
10	Proposed preference dividend	-	-	-
11	Extent of interest in subsidiary	100.00%	98.89%	100.00%

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

For and on behalf of the Board of Directors
of IIFL Finance Ltd
(Formerly known as IIFL Holdings Ltd)

NIRMAL JAIN
Director
DIN : 00010535

R. VENKATARAMAN
Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer
DIN : 02896088

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Place : Mumbai
Dated: May 28, 2020

Notes

Notes

FINANCIAL STATEMENTS

Corporate Information

BOARD OF DIRECTORS

Mr. Nirmal Jain
Chairman

Mr. R. Venkataraman
Managing Director

Mr. A.K. Purwar
Independent Director

Mr. V. K. Chopra
Independent Director

Mr. Nilesh Vikamsey
Independent Director

Ms. Geeta Mathur
Independent Director

Mr. Nagarajan Srinivasan
Non Executive Director

Mr. Chandran Ratnaswami
Non Executive Director

COMMITTEE OF BOARD

AUDIT COMMITTEE

Mr. V. K. Chopra
Chairman
Mr. Nilesh Vikamsey
Mr. Nagarajan Srinivasan
Ms. Geeta Mathur

NOMINATION AND REMUNERATION COMMITTEE

Mr. V. K. Chopra
Chairman
Mr. Nilesh Vikamsey
Mr. A.K. Purwar
Mr. Nagarajan Srinivasan

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. A. K. Purwar
Chairman
Mr. Nirmal Jain
Mr. R. Venkataraman

RISK MANAGEMENT COMMITTEEE

Mr. A.K. Purwar
Chairman
Mr. Nilesh Vikamsey
Ms. Geeta Mathur
Mr. Nagarajan Srinivasan
Mr. Sumit Bali
Mr. Anujeet Kudva

CSR COMMITTEE

Mr. Nirmal Jain
Chairman
Mr. Nilesh Vikamsey
Mr. R. Venkataraman

ASSET LIABILITY MANAGEMENT COMMITTEE

Mr. Sumit Bali
Chairman
Mr. V. K. Chopra
Mr. R. Venkataraman
Mr. Rajesh Rajak
Mr. Bhawani Jhanwar
Mr. Amarnath BS
Mr. Anujeet Kudva

CHIEF EXECUTIVE OFFICER

Mr. Sumit Bali

CHIEF FINANCIAL OFFICER

Mr. Rajesh Rajak

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Gajendra Thakur

STATUTORY AUDITORS

V. Sankar Aiyar & Co.
Chartered Accountants

M. P. Chitale & Co.
(For IIFL Home Finance Limited)

INTERNAL AUDITORS

M/s KPMG
Chartered Accountants

CORE MANAGEMENT TEAM

Mr. Monu Ratra	ED & CEO, IIFL Home Finance Limited
Mr. Venkatesh N	MD, Samasta Microfinance Limited
Mr. Shivaprakash Deviah	ED, Samasta Microfinance Limited
Mr. Balaji Raghavan	Construction and Real Estate Finance
Mr. Amit Labroo	SME Loans
Mr. Saurabh Kumar	Gold Loans
Mr. Anand Mathur	Human Resources
Mr. B.S Amarnath	Treasurer
Mr. Anujeet Kudva	Chief Risk Officer
Mr. Vinod Lalwani	Operations & Customer Services
Mr. Bhawani Jhanwar	Financial Controller
Mr. Ashok Mittal	Taxation
Mr. Vipul Oberoi	Marketing
Mr. Rohit Salwaan	Legal
Mr. R Balaji	Chief Technology Officer
Mr. Ashish Khunger	Internal Audit

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited
C-101, 247 Park, 1st Floor, L.B.S Marg, Vikhroli (West), Mumbai – 400 083

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited
GDA House, First Floor, Plot No. 85 S. No. 94 & 95,
Bhusari Colony (right), Kothrud,
Pune- 411038, Phone No- 02249220555
Fax No- 02249220505
Email-complianceCTL-Mumbai@ctltrustee.com,
Website-www.catalysttrustee.com

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai- 400001
Phone No- +91 2240807001
Fax No-+91 2266311776
Email-itsl@idbitrustee.com
Website- www.idbitrustee.com

Milestone Trusteeship Services Private Limited
Cowrks Worli, PS56, 3rd Floor, Birla Centurion,
Century Mills Compound, Pandurang Budhkar Marg,
Worli, Mumbai- 400030
Phone No- +91 22 62886119
Fax No- +91 2267167077
Email-milindshah@milestonetrustee.in
Website- www.milestonetrustee.in.

REGISTERED OFFICE

IIFL House, Sun Infotech Park, Road no. 16V,
Plot no. B-23, Thane Industrial Area,
Wagle Estate, Thane – 400 604

CORPORATE OFFICE

802, 8th Floor, Hubtown Solaris,
N. S. Phadke Marg, Vijay Nagar, Andheri East,
Mumbai – 400 069.

LIST OF BANKERS OF THE COMPANY & ITS SUBSIDIARIES

- Allahabad Bank
- Andhra Bank
- Axis Bank
- Bandhan Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara Bank
- Central Bank of India
- Corporation Bank
- CSB Bank
- Dena Bank
- Dhanlakshmi Bank Limited
- Dombivili Nagari Sahakari Bank Limited
- HDFC Bank Limited
- ICICI Bank
- IDFC Bank
- Indian Bank
- Jammu and Kashmir Bank
- Karnataka Bank
- Kotak Mahindra Bank
- Lakshmi Vilas Bank
- NABARD
- National Housing Bank
- Oriental Bank of Commerce
- Punjab National Bank
- Punjab Sind Bank
- RBL Bank Limited
- Shinhan Bank
- SIDBI
- South Indian Bank
- Standard Chartered Bank
- State Bank (Mauritius) Limited
- State Bank of India
- Syndicate Bank
- UCO Bank
- United Bank of India
- Woori Bank
- Yes Bank Limited

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 does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.

/indiainfoline

/IIFLCorporate

IIFL (India Infoline Group)

IIFL Finance Limited
(formerly IIFL Holdings Limited)
CIN: L67100MH1995PLC093797

Registered office:
IIFL House, Sun Infotech Park, Road No. 16,
Plot No. B-23, MIDC, Thane Industrial Estate,
Wagle Estate, Thane - 400 604
Corporate office:
802, 8th Floor, Hubtown Solaris,
N. S. Phadke Marg, Vijay Nagar,
Andheri East, Mumbai - 400 069
Tel: +91 22 6788 1000
Email: shareholders@iifl.com | ir@iifl.com
Website: **www.iifl.com**

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