IIFL FINANCE

Small Loans for Big Dreams

26th ANNUAL REPORT 2020-21

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Investor Information

Market Capitalisation as at March 31, 2021	₹ 106.8 billion
CIN	L67100MH1995PLC093797
BSE Code	532636
NSE Symbol	IIFL
Bloomberg Code	IIFL IN
Dividend Declared	₹ 3.0 per share
AGM Date	June 30, 2021

About this Report

We are pleased to present our Integrated Report <IR>. This is one of our principal communication documents catering to all our stakeholders. This Report contains comprehensive information on our operational and financial performance and their influence on our strategic objectives, resulting in our ability to create sustainable value.

Our Approach to Reporting

Beginning of FY21, IIFL Finance Limited ('the Company') took its first step towards the journey of Integrated Reporting. In this introductory Report, we state our integrated value creation process to our stakeholders, done by using six capitals, broadly based on the principles of International Integrated Reporting Council (IIRC). These capitals encompass both financial and non-financial forms of capitals viz. Manufactured, Intellectual, Human, Social and Relationship and Natural. We also provide detailed insights into our operating environment, strategies, material issues, risks and opportunities, engagement with stakeholders and our approach to long-term sustainability.

Reporting Period, Scope and Boundary

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

Reporting Standards and Frameworks

This Report is prepared in accordance with the International Integrated Reporting <IR> Framework, outlined by the IIRC. With this framework, the Company intends to add more transparency and accountability through the disclosures and information provided in the Report. The statutory reports, including the Directors' Report, Management Discussion and Analysis (MD&A), Corporate Governance Report and the Business Responsibility Report are as per the Companies Act, (2013), Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements Regulations), 2015, and the prescribed Secretarial Standards.

Management Assurance

Our Company's senior management, under supervision of the Chairman, have reviewed the Report content. The Board members of our Company have provided the required governance oversight.

Report navigation

FINANCIAL CAPITAL

PHYSICAL CAPITAL

INTELLECTUAL CAPITAL

HUMAN CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL

NATURAL CAPITAL

Small loans Big dreams

AS ONE OF THE LEADING FINANCIAL SERVICES PROVIDERS, WE DEAL WITH AN EMINENT ASPECT OF PEOPLE'S LIFE – ASPIRATIONS.

Aspirations represent possibilities, promises and opportunities. At IIFL, we value the big dreams of people and we understand the role of credit in facilitating these dreams. Our endeavour, through our Small-ticket sized loans, is to create a retail-lending chain where there is place for everybody and every dream. Simply put, we are in the business of turning the big aspirations of our customers into reality.

Our goal is to reach out to society's remotest and most underserved areas. To achieve this, we foster innovation and deeper reach through our extensive geographical presence. This is further enriched by our tech-enabled processes, translating into a smoother customer experience. We consciously and constantly work with transparency and integrity. We strive to grow responsibly by minimising impact on the environment through our ethical business practices. As we grow ahead, our aim is to nurture and promote sustainable growth for our stakeholders while also capitalising on the economy's vast opportunity landscape.


IIFL FINANCE

IIFL Finance through Numbers

Where small means remarkable

₹ 446.9 billion
ASSETS UNDER MANAGEMENT

₹ 53.9 billion
CONSOLIDATED NET WORTH

₹ 33.6 billion
TOTAL INCOME (NET OF INTEREST EXPENSE) AS ON MARCH 31, 2021

₹ 7.6 billion
PROFIT AFTER TAX AS ON MARCH 31, 2021

14.8%
RETURN ON EQUITY

2.0%
RETURN ON ASSETS

1.98%
GROSS NPA*

0.89%
NET NPA*

25.4%
TOTAL CAR^

*GNPA and NNPA numbers exclude discontinued Healthcare equipment finance (HCF) business
^Capital Adequacy Ratio

₹ 20.1

EARNINGS PER SHARE

₹ 3.0

DIVIDEND PER SHARE

186%

PROVISION COVERAGE RATIO

AA Stable

CREDIT RATING BY CRISIL

2,563

BRANCHES

85%

BRANCHES IN TIER II & TIER III LOCATIONS

19,825

HAPPY EMPLOYEES

6+ million

HAPPY CUSTOMERS

90%

RETAIL LOANS

IIFL Finance Limited

Where small means significant

IIFL Finance Limited ('IIFL Finance' or 'The Company' or 'We') started the journey with incorporation in the year 1995. The Company is among India's finest and trustworthy financial services providers. Backed by a rich legacy and experience of over two decades, IIFL Finance is continuously expanding its country-wide reach. Today, it has over 2,563 branches and cutting-edge digital channels addressing its ever-evolving customer needs.

The Company and its subsidiaries, IIFL Home Finance Limited and Samasta Microfinance, are focussed on retail lending digitally. Its diverse product portfolio comprises Home Loans, Gold Loans, Business Loans including Loan against Property and unsecured MSME Financing, Microfinance, Developer and Construction Finance and Capital Market Finance.

The Company's small-ticket size loan offerings are underpinned by a strong foundation, domain expertise, and robust governance practices. Its products and services are aimed at fulfilling customers' financial aspirations, offering a superior experience and sustainable value.

VISION

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

VALUES THAT GUIDE US

We have progressed with our core values serving as a moral compass in all our dealings. Fairness, Integrity and Transparency - FIT - is at the forefront of everything we do at IIFL.

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 constant endeavour is to create and deliver value to our stakeholders. At IIFL, we are firm in our commitment to these ideals, and we will let go of any growth opportunity that deem unfit.

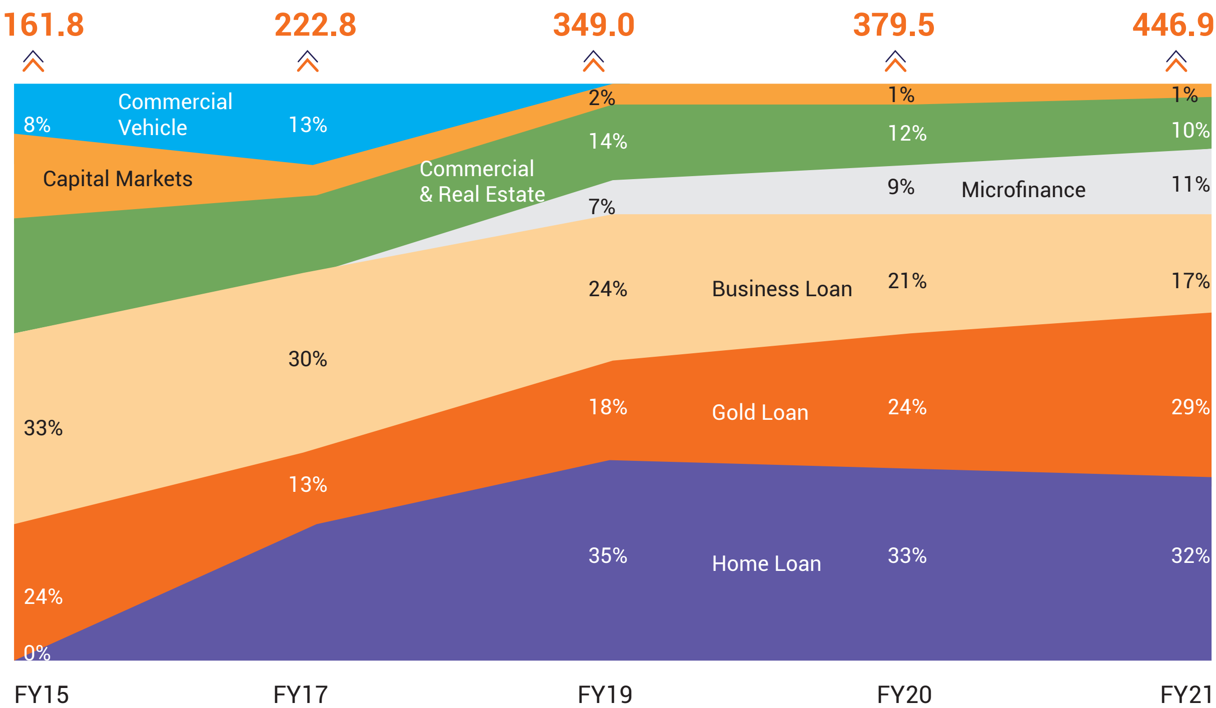
Our Product Offerings

Where small means diverse

IIFL Finance and its subsidiaries offer an array of customised products catering the credit needs of a diverse customer base. Over the years, the Company has diversified into varied segments to capture the market's shifting landscape and consumer needs. The Company and its subsidiaries have steadily expanded their offerings of small-ticket size loans. This is clearly reflected through their portfolio where 90% of the offerings were retail as on March 31, 2021.

Our differentiated portfolio offers scale while also diversifying risks across geographies, industries and collaterals. Our core products namely Home Loan, Gold Loan, Business Loan, Microfinance Loan form our growth focus and account for 89% of our Asset under Management (AUM).

Progression of our products over the years



Diversified AUM portfolio across product segments (₹ billion)

CORE PRODUCTS

Gold Loans

Portfolio Average Ticket Size ₹ 61,000

Gold Loans serve the first-to-credit customers aligning them with the aim of financial inclusion. We offer loan against gold jewellery for meeting the personal and business needs of small businesses, vendors, traders, farmers and salaried people. The Company ensures the best-in-class customer support through a quick and simple loan disbursement process and a nationwide network of branches.

Core strategies

- Sourcing through sales executives in 600+ cities across 25 states
- Screening customers for earlier defaults, frauds and negative customer lists through the in-house loan origination tablet application
- Emphasising on collections and resolution for negligible losses
- Committing to digitise and strengthen security controls, at the branch level, for reducing costs and contingencies

Key highlights for the year FY21

- Gold loans constituted 29% of the total AUM
- AUM, as of March 31, 2021, stood at ₹ 131.5 billion with a growth of 44% Y-o-Y
- Total disbursement during the year amounted to ₹ 177.2 billion
- Average ticket size of gold loan in FY21 stood at ₹ 59,000
- Launched digital gold loan for top-up and online renewal of gold loans
- Integrated with payment platforms like Paytm, Google Pay, BHIM UPI, PhonePe, Mobikwik and PayU for collections
- Launched the facility of EMI payment over WhatsApp for the convenience of our customers

Home Loan

Portfolio Average Ticket Size ₹ 1.7 million

A home loan is a significant financial assistance for the underserved customer segment, meeting their aspirations of buying a home. We offer small-ticket loans for home purchase, renovation, construction and plot purchase. Our 'Swaraj' home loans primarily cater for the housing needs of salaried, self-employed and professionals running micro-businesses across Tier I suburbs, Tier II and Tier III cities. The loan has been designed keeping the first-time home-buyers from the lower strata of the society in mind. The motive is to give them easy access to loans despite their informal income documents.

Core strategies

- Primary emphasis on offering non-metro home loans to customers in Tier I suburbs, Tier II and Tier III cities at affordable interest rates
- Vision is to completely align with the Government's 'Housing for All' mission through the Credit-linked Subsidy Scheme (CLSS)

Key highlights for the year FY21

- Retail home loans constituted 32% of the total AUM
- AUM, as of March 31, 2021, stood at ₹ 144.4 billion with a growth of 16% Y-o-Y
- Total disbursement during the year amounted to ₹ 42.3 billion
- Average ticket size of home loans reduced from ₹ 3 million in FY16 to ₹ 1.6 million in FY21
- Over 43,000 consumers benefited from the CLSS scheme, earning over ₹ 10.3 billion in subsidies
- Launched a pre-approved top-up loan to help existing customers during COVID-19 outbreak with an end-to-end turnaround time of 24 hours
- Introduced special norms for the customers in various states like Tamil Nadu, Punjab and Andhra Pradesh, to support the Beneficiary Led Construction Scheme of the Ministry of Housing and Urban Affairs

Business Loans

Portfolio Average Ticket Size ₹ 1.1 million

Maintaining sufficient funds for inventories, receivables, planned expansion or additional liquidity to meet an unplanned emergency is important. We provide secured loans i.e. Loan against Property (LAP) and small ticket unsecured loans which are cash flow backed. Our loan products help MSME customers in the manufacturing, trading, and service sectors. It helps them meet their working capital requirements and business expansion needs.

Core strategies

- A complete digital journey for unsecured business loans, from customer onboarding, model-based underwriting to automated collections
- Monitoring portfolio and collections based on risk events and triggers

Key highlights for the year FY21

- Business loans constituted 17% of the total AUM
- AUM, as of March 31, 2021, stood at ₹ 74.6 billion
- Total disbursement during the year amounted to ₹ 19 billion
- Average ticket size of business loans reduced from ₹ 8.9 million in FY16 to ₹ 0.9 million in FY21
- A good 73% of the book is collateralised
- Disbursed ₹ 3.4 billion under Emergency Credit Line Guarantee Scheme (ECLGS) forming a part of the Government's ₹ 3 trillion package for COVID-19 recovery
- Around 64% of unsecured portfolio covered through the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) guarantee scheme

Microfinance

Portfolio Average Ticket Size ₹ 18,000

Microfinance assists in greater level of asset creation and income security across the household and community level. We offer small-ticket micro loans to self-employed women for income-generating activities based on a joint liability group model. We promote community well-being through micro loans, credit-linked insurance, and group-based savings accounts. This is made possible through our strong presence in the rural and semi-urban areas. We aid and instruct our customers extensively to guide them on the proper usage of funds and prompt repayment.

Core strategies

- Extensive presence across 17 states, 257 districts
- Focus on educating customers on end use of funds, timely repayment and emphasise on joint liability
- Progress customer base towards larger-ticket loans such as gold loans and affordable housing loans
- A 100% credit-linked insurance coverage

Key highlights for the year FY21

- Microfinance constituted 11% of the total AUM
- AUM, as of March 31, 2021, stood at ₹ 47.4 billion with a growth of 40% Y-o-Y
- Total disbursement during the year amounted to ₹ 37 billion
- Average ticket size of microfinance loans stood at ₹ 19,000 in FY21
- Crossed 1.62 million customers mark with total 618 branches in 17 states
- Achieved 100% cashless disbursal in FY21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From the Chairman's Desk

COLLABORATED WITH THE COUNTRY'S REPUTED BANKS FOR CO-LENDING AND LOAN ASSIGNMENTS AND PARTNERED WITH SEVERAL FINTECHS AS WELL. OUR STRONG FOCUS ON RETAIL LENDING, CONSERVATIVE PROVISIONING AND FUND RAISING, POSITIONS US WELL WITH A SOLID BALANCE SHEET AND AMPLE LIQUIDITY.

Dear Shareholders,

Our theme for this year's annual report – 'Small Loans for Big Dreams' – captures the purpose of your Company's business. Your Company serves millions of small and very small businesses looking for funds to grow and households aspiring to own the roof above their families. These millions of Indians, aspiring for better lives and higher income, do not need large loans. Their big dreams come to reality by small dots of finance. Your Company's small-ticket retail loans in the home, gold, business and microfinance loan segments are affordable and accessible. It has constantly endeavoured to reach the masses and fulfil their financial needs. Currently, over 90% of our loans are granular and retail in nature.

Your Company's strategy to make small loans as the cornerstone for sustainable growth, is driven by its unique position in the industry. It has invested heavily over the years, to be at the forefront of cutting edge digital technology as well as have a widespread physical network of branches. Digital technology and distribution reach are key to success in the businesses of small dots. These small dots spread the risk and when joined together, complete the big picture for all the stakeholders. Our success is driven by our reach and penetration. Further, successful large banks are contributing to our financial inclusion mission.

Last year, all of us bore the brunt of havoc caused by the COVID-19 pandemic. The second wave, brisk and brutal, is spreading into the current year as well. I must mention how incredibly proud my team makes me for their undeterred dedication and indomitable commitment during the tough times. Their strong resolve ensured uninterrupted customer service while they continued managing their challenges at home.

Against this backdrop, your Company exhibited a steady performance by delivering financial inclusion to the masses and a superior return on capital to all the stakeholders. Your Company's post-tax profit made a new high of ₹ 7,365 million. When faced with uncertain and volatile business environment, we got even more focussed on our core values. We took the approach of 'Seedhi

Baat' and helped customers to make the most of the Government support. Besides, our employees also had clear direction to show compassion and flexibility to the customers. We adhered to traditional tenets of financial prudence, risk mitigation, strong balance sheet, adequate liquidity, and cost rationalisation.

Economy Shows Resilience and Propensity to Bounce Back

Our Government and the Reserve Bank of India (RBI) proactively initiated a set of measures and supply-side reforms to lend flexibility, resilience and stimulate the economy. There were decisive signs of 'V-shaped' recovery visible in the economy with the resurgence of consumer confidence, robust financial markets, and an uptick in manufacturing and exports. The Union Budget provided a significant increase in the outlay for capital expenditure, infrastructure, and healthcare, making the targeted 11% GDP growth in FY22 quite achievable. The decisive Budget reforms are expected to provide the economy with imperative growth momentum. With the economy's recovery, we anticipate a robust demand for credit, especially for the MSME and affordable housing sectors. The unexpected but incredibly rapid and ruinous second wave of COVID-19, has again posed challenges for the economic growth this year. Time and again, Indian people, policy makers and economy have showed resilience and tremendous ability to bounce back. Your Company is in the optimists' camp and is betting on recovery and growth. From longer term perspective, the underlying trends of digitisation and formalisation in the economy will further boost credit demand. I am confident about the tremendous opportunities that lie ahead as the sectors mentioned above, primarily drive our business.

NBFCs have an Important Role to Play

My reference to NBFCs (Non-Banking Finance Companies) include all regulated non-banking lenders namely housing finance and micro finance companies. NBFCs have been witnessing a volatile liquidity situation since September 2018, further precipitated by the pandemic. There has been a massive perceived risk aversion. As a result, over 90% of our loans are granular and retail in nature. While industry houses backed NBFCs have easy access to funds, the standalone NBFCs, have been dealing with liquidity squeeze.

Today, banks enjoy access to a stable liability base and asset mix of large-ticket corporate and retail, focusing on the priority sector. However, they are targeting to shift their balance sheet mix towards more retail assets rapidly. This shift is where the co-lending model has the potential to change our country's lending landscape entirely. On the one hand, banks with adequate capital can leverage NBFCs' geographical reach, servicing capabilities, underwriting skills, and trained workforce without having to commit additional fixed operating costs. NBFCs/HFCs, on the other, will require lower capital for deployment and can improve liquidity and profitability. Retail oriented NBFCs like your Company, therefore have tremendous opportunity of forging win- win partnerships with banks for sourcing retail and priority loan assets.

Growing Responsibly and Sustainably

Our focus is on business growth along with creating value for all our stakeholders. Our robust governance and transparent processes have further helped deepen our stakeholder engagement through improved disclosures. Every member of your Company's Board, is a luminary with impeccable track record. We have been fortunate to be guided by a very competent Board, committed to highest standards of integrity, transparency and fairness. Our social initiatives are lauded by peers as well as eminent people. Our housing finance company has taken the lead to innovate for building houses in sustainable manner i.e. without depleting natural resources and still at lower cost to make them affordable for Indian masses. We have published a book – **Building Green** - to freely share our knowledge and learnings.

We strongly believe in creating a sustainable future. Our efforts are consciously directed towards this goal through our Environmental, Social and Governance (ESG) initiatives.

Way ahead

We continue to focus on retail lending delivered digitally. Our unwavering focus, on robust processes, collection efficiency, asset quality and customer delight has stood us in good stead and we shall sharpen it further.

As a strategy, your Company has been partnering with the country's reputed banks for co-lending and loan assignments and partnered with several fintechs as well. The partnership model will help us optimise capital, achieve higher returns on equity and contain risks associated with growth as well as liquidity.

The pandemic presented us with an opportunity to innovate at an exceptional speed. It pushed us to set our priorities for the near and long-term future towards accelerating investment in the latest technology across all our businesses.

We appreciate our stakeholders' unceasing support and are committed to do everything in our power to exceed their expectations, every single time.

Best regards,

Nirmal Jain
Chairman

Scan to download our Green Building Handbook

Our Value Creation Process

Resources we Rely on → Business Model

FINANCIAL CAPITAL

As a Company, we primarily use debt and equity raised from our investors and creditors.

Pg 20

Total Equity:	₹ 53.9 billion
Total Debt:	₹ 322.6 billion
Capital Employed:	₹ 376.5 billion

PHYSICAL CAPITAL

We leverage on our extensive network of physical branches, backed by digital platforms, to connect with our customers.

Pg 22

Total branches:	2,563
States:	25
Locations:	600+

INTELLECTUAL CAPITAL

We have a technology-backed infrastructure and well-established platforms to process loans, manage risks and deliver effective customer service.

Pg 24

- IIFL Loans App for customer engagement and disbursals
- LEADer App for employees to create leads efficiently
- Sangrah App for collection officers

HUMAN CAPITAL

We employ the skills, time and experience of our employees to develop and deliver our financial products and services.

Pg 40

Total employees:	19,825
Employees under the age of 35 years:	85%

SOCIAL AND RELATIONSHIP CAPITAL

We rely upon the relationships with our societies, consumers, distributors, the Government, and regulators to sell our product and services.

Pg 30

CSR Spend:	₹ 126.2 million

SEBI & RBI regulations followed

NATURAL CAPITAL

We rely on our consumption of the environmental resources for the prosperity of business.

Pg 28

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

Our Business

Raise

Capital through debt and equity sources along with sell-down of assets

Identify

Eligible borrower pool by leveraging on technology

Lend

Credit to the borrowers riding the back of prudent underwriting processes

Recover

Payments from borrowers with focus on collecting digitally

For the Best Possible Outcomes

Our Offerings

Core Products

- Gold Loans
- Home Loans
- Business Loans
- Microfinance

Synergistic Products

- Developer and Construction Finance
- Capital Market Finance

Our Focus

- Small-ticket size loans
- Expanding physical network
- End-to-end digital loan processing
- Co-lending and co-origination
- Asset-liability management
- Prudent credit underwriting
- Robust risk management framework and asset quality

RETURN TO SHAREHOLDERS AND INVESTORS

ROE:	14.8%
ROA:	2.0%
NIM:	6.8%
PAT:	₹ 7.6 billion
Dividend declared:	₹ 3.0 per share
EPS:	₹ 20.1

CUSTOMER-CENTRICITY

Total customers:	6 million
Customers added during FY21:	1.8+ million
Core products disbursement:	₹ 275.4 billion

DIGITAL DELIVERY

IIFL Loans app active users:	2,49,363

100% Cashless disbursement for Home Loan, Business Loan and Microfinance

31% Cashless disbursement for Gold Loans; Aim to take it higher

HIGH EMPLOYEE ENGAGEMENT

Total training hours by all employees*:	3,37,926
Average training hours per employee*:	11.46

Awarded 'India's Best Workplaces in BFSI 2021'

FINANCIAL INCLUSION AND LIVES BENEFITTED

Loan to first-time home buyers :	1,18,000+
Total customers benefited under microfinance loans:	1.62 million
Lives impacted through CSR interventions:	31,971

EFFICIENT USE OF RESOURCES

Savings under IGBC preliminary certified/certified projects under management

Energy Savings:	7,923 MWH p.a.
Water Savings:	4,57,627 KL p.a.
Emission Savings:	7,289 Tonnes p.a.

*Includes Virtual Instructor Led Training and Moneyversity - Online Learning

Prudent Strategies to Sustain amid Challenges

NBFCs are the perfect alternatives for channelising the economy's savings. With their ability to cater diverse financial needs and meeting the credit requirement of those without access to traditional banks, NBFCs rightly form the bedrock of the Indian economy. The sector, however, has been witnessing prolonged market disruption. It started with the liquidity crunch crisis and was further affected by the COVID-19 pandemic.

We, at IIFL Finance, looked at this as an opportunity to review and reinforce our strategies. Backed by a sturdy foundation, experienced leadership, and profound understanding of market environment, we ensured consistent value and trust for our stakeholders. With a sound risk control framework, transparent business practices and healthy asset quality, we navigated the crisis smoothly and emerged stronger. Our stable returns truly demonstrate the strong confidence of our institutional and retail investors in strategic roadmap and professional leadership.

Our Focused Strategies

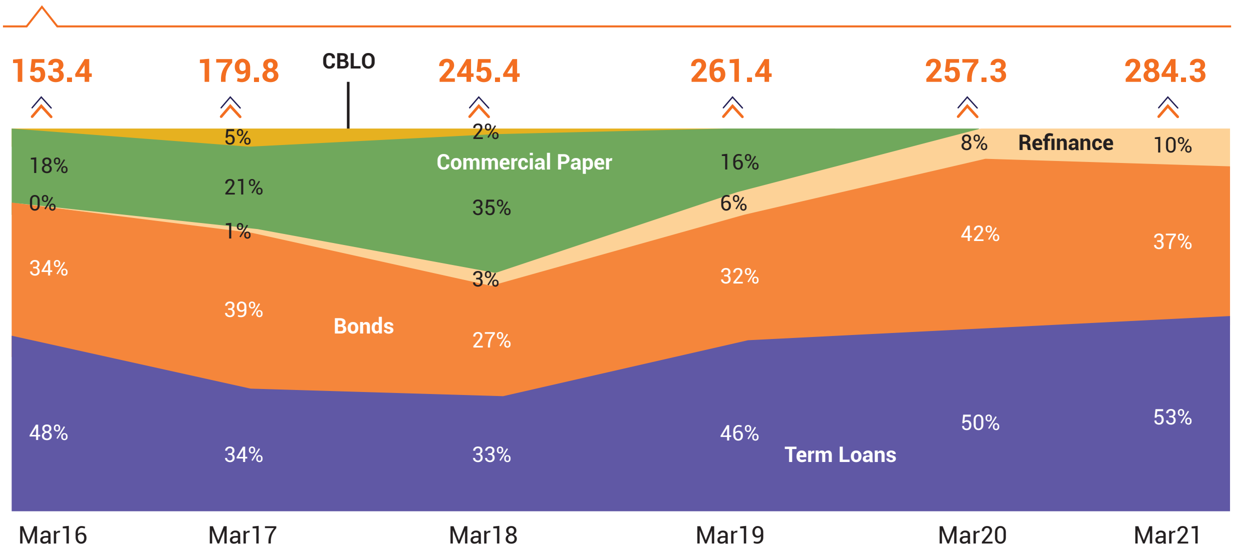
- Backed by our resilient strategies, we remained highly capitalised with a strong balance sheet and healthy asset quality
- Remained focused on retail lending and enhanced use of digital platforms, resulting in cost control, higher employee productivity and better customer experience
- Supported by a highly granular portfolio, accounting for 90% of the AUM as at March 31, 2021, large proportion of loans are compliant with RBI's priority sector lending (PSL) norms. In aggregate, nearly 36% of the Company's loans are PSL compliant. Gold loans are not deemed to be PSL compliant
- Contributed towards the Government's initiative by allowing moratorium facility to customers and participating in Emergency Credit Line Guarantee Scheme (ECLGS)
- Worked towards improving collection efficiency and disbursement for all four core products, indicating robust business recovery
- Strengthened partnerships with banks for co-lending and assignment of loans, as core strategy

Liquidity Management

- Ensured adequate surplus liquidity across all buckets with a well-diversified funding profile and conservative provisions
- Increased share of assigned assets and bank loans in our debt profile consistently
- Well-covered debt repayment obligation with a robust asset-liability management framework
- Maintained long-term relationships with our lenders with an established track record of timely servicing of our debts, keeping a margin of safety
- Raised ₹ 102.8 billion through term loans and refinance from banks during the year
- Securitised/assigned loans of ₹ 112.3 billion
- The Company had cash and undrawn lines of ₹ 52,750 million as on March 31, 2021

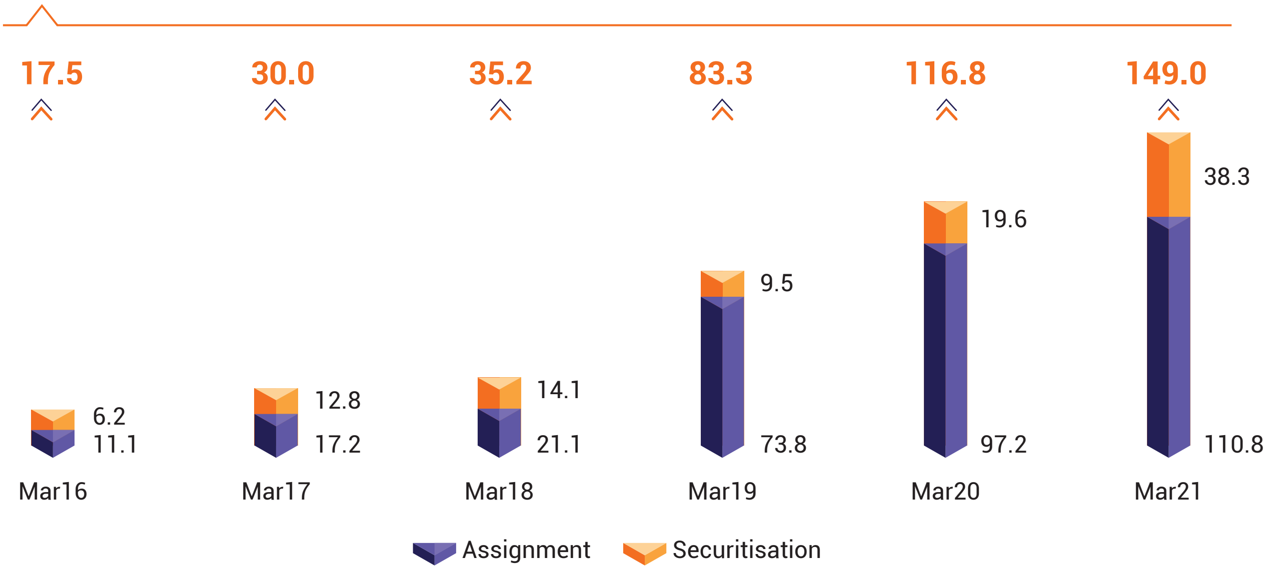
Depicted below is our funding mix over a five-year period

(₹ billion)



Outstanding Assignment & Securitisation

(₹ billion)



Asset Quality Management

Due to stagnant economic activities, the financial sector witnessed a significant rise in bad loans. The deteriorating quality of the loan portfolio was reflected in increased Gross Non-Performing Assets (GNPA). However, with a sound risk management framework and credit monitoring process, we maintained healthy asset quality standards throughout the year across all business segments. Our strong credit approval mechanisms, credit control processes, audit and risk management processes and policies help strengthen the quality of our loan portfolio. Our Non-Performing Assets (NPAs) reduced with sufficient provisioning coverage across segments.

1.98%

GNPA AS ON MARCH 31, 2021*

0.89%

NNPA AS ON MARCH 31, 2021*

186%

PROVISION COVERAGE ON NPAS AS ON MARCH 31, 2021

*GNPA and NNPA numbers exclude discontinued Healthcare equipment finance (HCF) business

Technology Supporting Business Continuity

IIFL Finance used its agility to support employees, their families and customers. Our branches and call centres started operating with minimal staff. Alongside, we ensured that customers had access to uninterrupted services from within the safety of their homes, through the Company's best-in-class digital platforms.

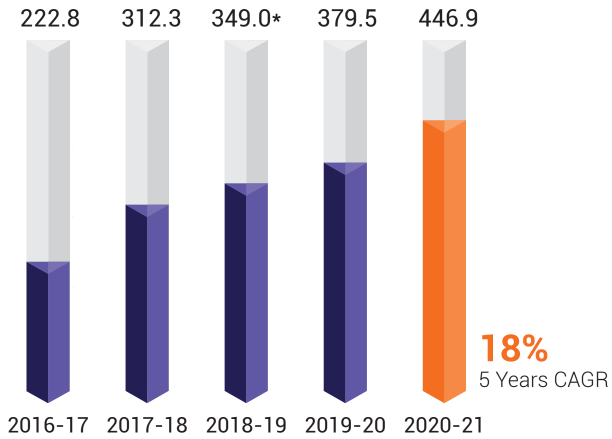
- Offered completely paperless and cashless services, right from customer onboarding, underwriting and loan disbursement to collection
- Partnered with fintech players, under the 'IIFL Disrupt', to accept online payments via Unified Payment Interface (UPI) platforms
- Supported MSMEs to restart and grow their business by facilitating digital application to disbursement on our website for business loan under Guaranteed Emergency Credit Line (GECL)
- Enabled a digital journey to help existing customers avail moratorium facility and created awareness-cum-educational videos in multiple languages

Our Robust Financial Capital

Where small creates bigger value

Our financial capital comprises equity and debt, besides other sources of funds, contributed by our investors. Collectively, we amplify these funds through our business activities. Despite a tumultuous business environment, the Company's performance was steady and it persistently enhanced shareholder wealth during the year.

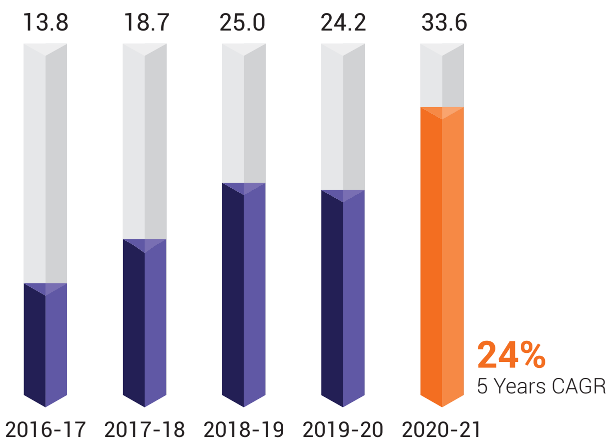
Loan Assets Under Management (₹ in billion)



*Excluding divested Commercial Vehicle Financing business.

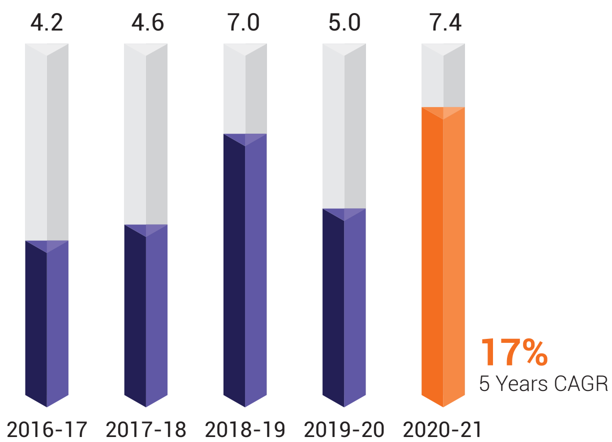
Note:
FY18 & FY19 numbers are as per IndAS.
Previous years' numbers are as per IGAAP.

Income* (₹ in billion)



*Net of interest expense

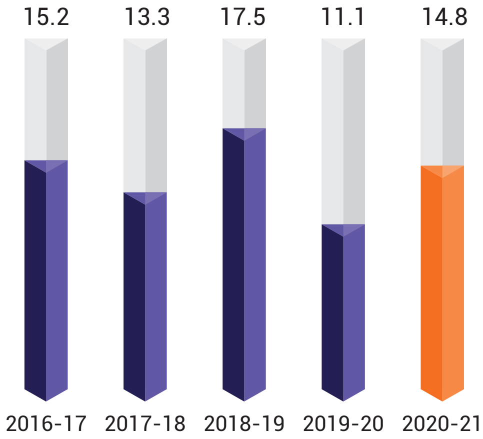
Net Profit^ (TCI) (₹ in billion)



^Pre-minority

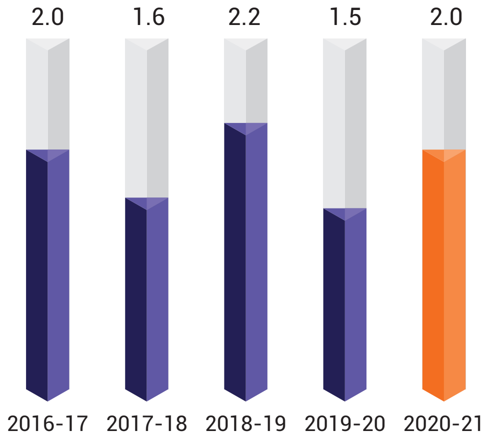
Return on Equity

(%)



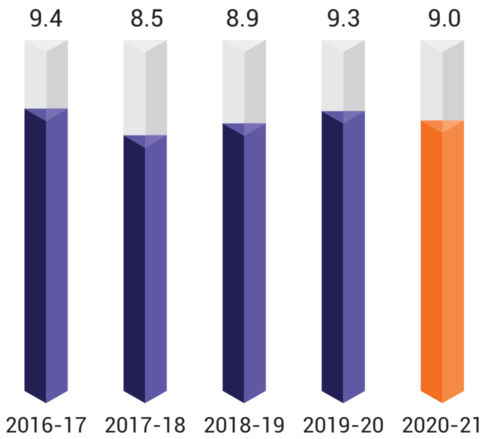
Return on Average Assets

(%)



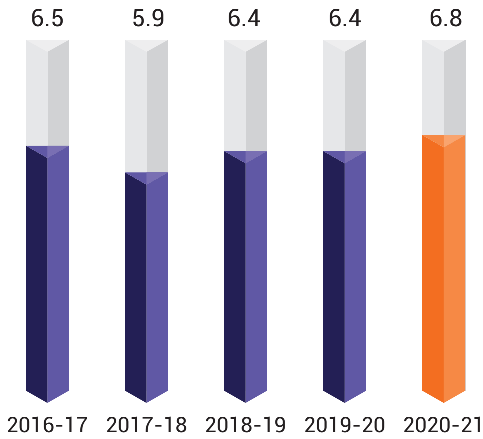
Cost of Funds

(%)



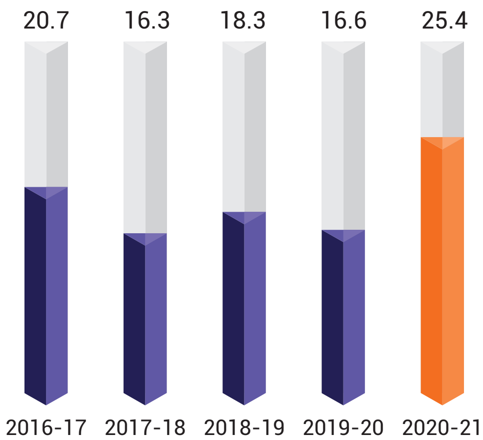
Net Interest Margin on Balance Sheet Assets

(%)



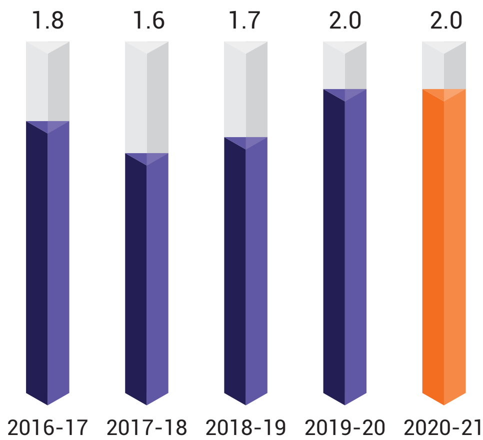
Total Capital Adequacy Ratio

(%)



Gross NPA*

(%)



*GNPA numbers exclude discontinued Healthcare equipment finance (HCF) business

Our Extensive Physical Capital

Small branches, many branches

Customer-centricity forms the core of IIFL Finance. Our values have been guiding our strategies. Focusing on small-sized loans, we have transformed our digital infrastructure and equipped our physical branches with the best-in-class technology and safety measures. Thus, taking our customers' experience to a superior level.

Retail lending

Retail lending is at the cornerstone of the Company's strategy. Our portfolio mix is increasingly becoming granular. This is helping us diversify risks across our product offerings and serve the greater cause of financial inclusion. Moreover, on the liquidity front, retail lending has been a motivation for banks with surplus liquidity to co-lend and buy our retail assets.

1.8+ million
NEW CUSTOMERS ADDED DURING FY21

6+ million
TOTAL CUSTOMERS

90%
RETAIL LOANS

Expanding Physical Infrastructure

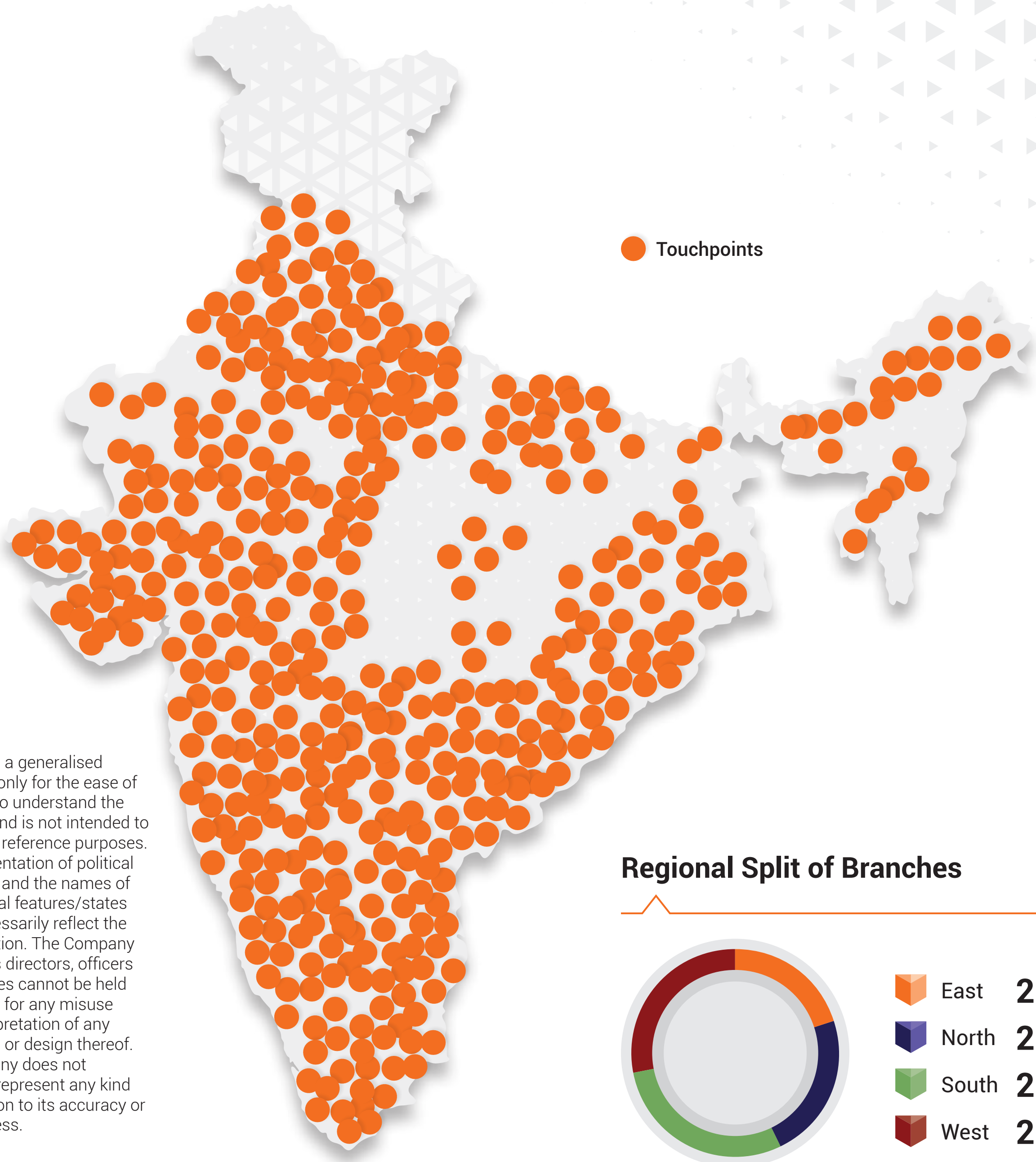
Our physical branches continue playing an important role in meeting our customers' evolving needs. Through our phygital edge – a pan-India network of branches and customer touchpoints, backed by a robust digital infrastructure – we provide seamless borrowing experience to our customers. We have expanded our reach to Tier II and Tier III cities to address the huge credit gap in those regions.

2,563
TOTAL BRANCHES ACROSS INDIA

2,167
BRANCHES IN TIER II AND TIER III CITIES

186
NEW BRANCHES ADDED DURING THE YEAR

25
STATES



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.

Regional Split of Branches (%)

East 20
North 23
South 29
West 28

Strengthening Branch Security

Branch security is an utmost priority to our business. We have made significant investments for enhancing our branch safety and security.

- Deployed security guards at branches along with e-surveillance by specialised security agencies
- Covered all the strategic branch locations with CCTV and IP cameras
- Equipped all the facilities with infrared sensors, smoke detectors and hooters
- Established trigger-based remote surveillance in 24x7 control room with access to panic switches and two-way audio system on receiving any alert
- Installed steel cage panels with vibration sensors at vaults along with OTP-based access implemented to open vaults
- Retrofitted all the branch vaults with cellular drawers with dual key mechanism, reducing the risk of loss in case of a robbery attempt

Additionally, we are evaluating various technological innovations like Artificial Intelligence and GPS-based tracking, among others, to further strengthen our branch security.

Our Dynamic Intellectual Capital

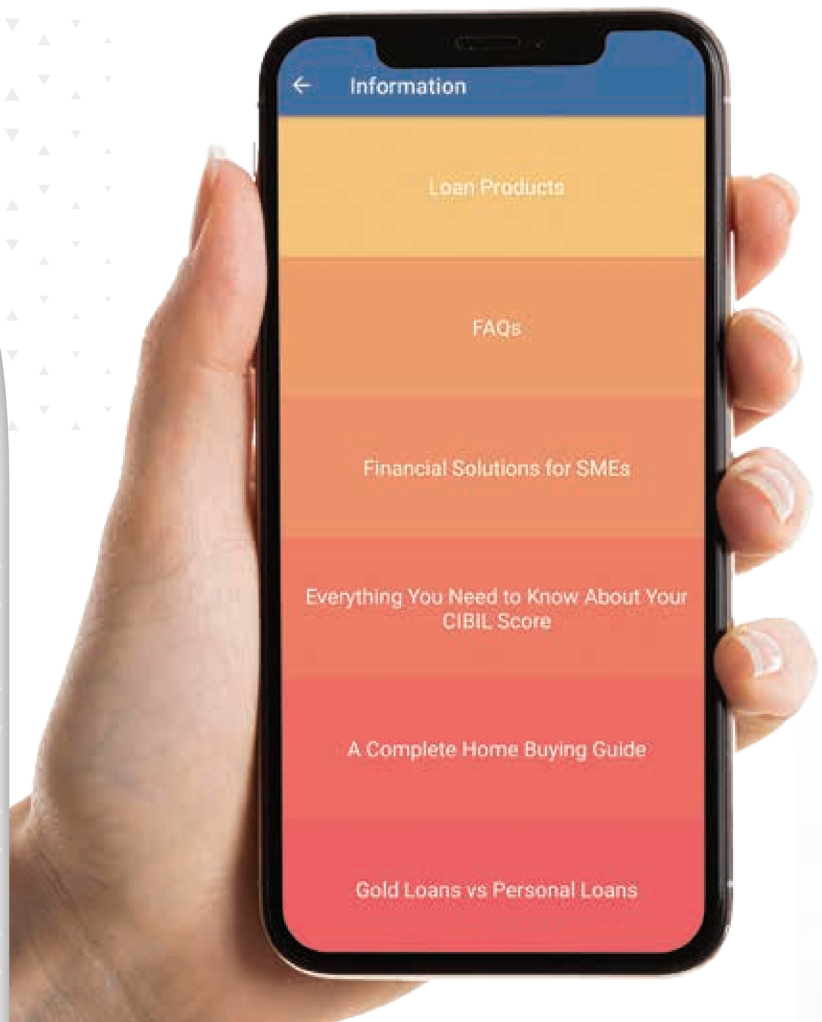
Where small grew manifold

Digitisation of the financial services is instrumenting a revolution. Emerging technologies in this space are consistently disrupting the way consumers interact with their money. This has paved way for NBFCs to innovatively serve their customers.

Our intellectual capital encompasses our valuable brand, technology systems, digital platforms and knowledge-based assets (licenses, software, and procedures). The Company has remained ahead of the curve by proactively adopting latest digital trends. The Company constantly aligns its digital capabilities with its long-term strategies.

During the year, we entered into strategic partnership with renowned fintech players. With Aadhaar verification, banking validation, ITR validation procedures in real time during the onboarding stage, we have simplified the loan processing experience. We also implemented digital verification for KYC and income verifications. During the COVID-19 pandemic, we offered simple top-up facilities for our customers. In addition, we have improved disbursement process with digital dockets for loan agreement as well as eNACH (Electronic National Automated Clearing House). Thus allowing us to continuously enhance our customers' experience through the loan processing journey.

THE COMPANY ALSO GOT LISTED ON THE CREDALL WEBSITE AS A LENDER WHICH WOULD HELP IT BE A PART OF THE OPEN CREDIT ENABLEMENT NETWORK (OCEN). OCEN NETWORK WOULD ENABLE INSTANT ACCESS TO AN ECOSYSTEM OF BORROWERS AND ENHANCE THE CREDIT GROWTH.



Strengthening Digital Platforms across Segments

The FY21 witnessed IIFL Finance's transition towards a complete paperless journey. Here is a roundup of everything that happened under different business segments:

Gold Loan Segment

Under this segment, digital gold loan was rolled out to provide 24x7 customer convenience. The platform offers seamless loan experience with features like digital access to loan account statement, outstanding dues, top-up on existing loan, renewal and bank account addition, among others. The Company also partnered with fintech players for improving collections.

Home Loan Segment

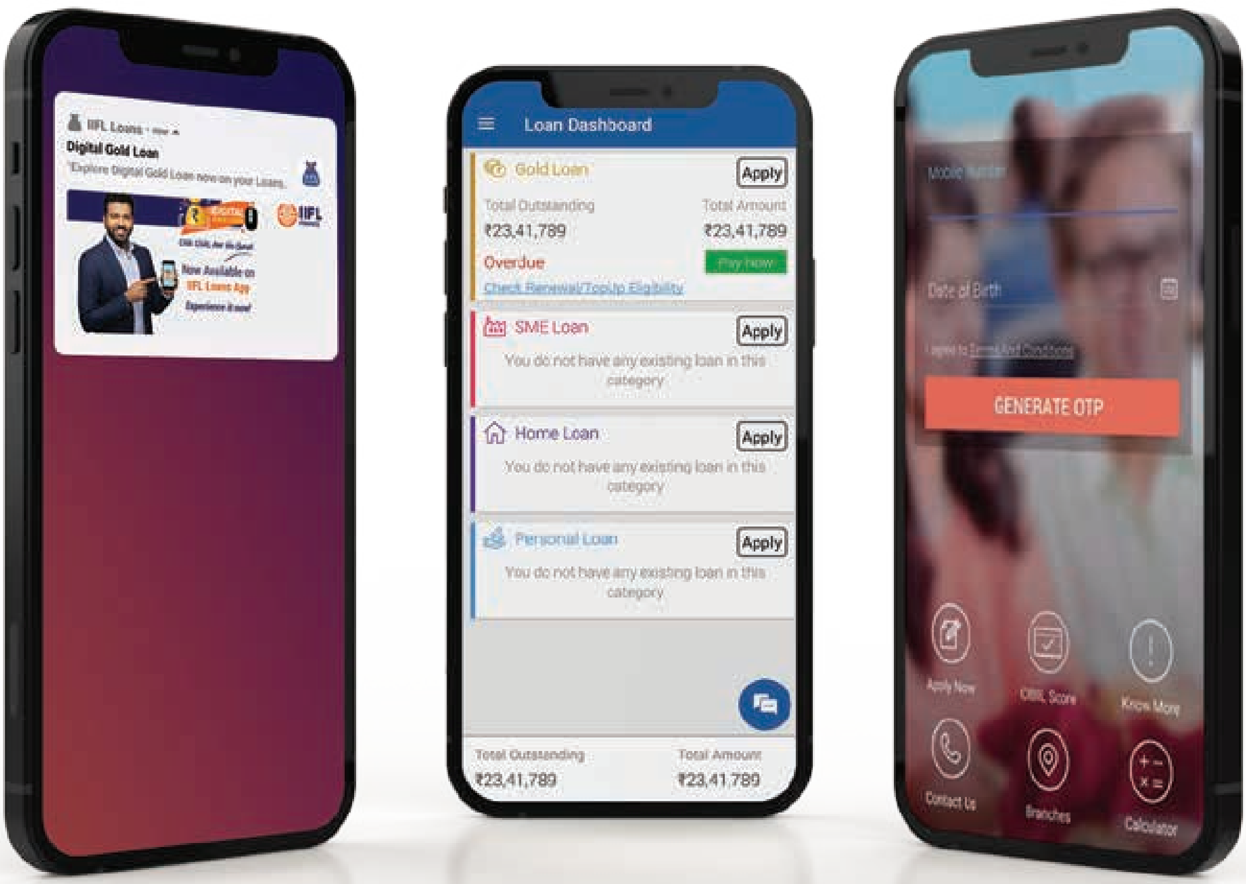
Top-up loan is a complete paperless journey now with zero human touchpoints, right from the eligible pool selection, customer communication to auto disbursal.

Business Loan Segment

This segment leverages Machine learning and Artificial Intelligence (AI) to provide instant credit decisions. It provides unsecured business loans offering complete digital experience with speedier KYC procedure. While the secured business loans have digital top-up to existing loan customers. Under personal loans, we launched a seamless process. It enables the customer to check loan eligibility using just his/her mobile number.

Microfinance Segment

Under this category, with an aim to serve the microfinance segment, the Company deployed Geo Analytics – an AI based technology. It helps locating worthy customer groups and also in physical presence optimisation.



Collaboration with Fintechs: IIFL Disrupt

The Company has partnered with fintech players for harnessing and leveraging innovation across operations. Following is the list of the same:

Leegality
For enabling e-signing of all our loan documents

Finbox
For improving consumer experience and alternate data reading

Karzaa
For sanctioning and servicing loans

Data sutram
For facilitating decisions on locational targeting

Setu
For a seamless payment experience

Credgenics
For enhancing AI-based collection and machine learning

M2p Yap
For enabling credit disbursement through cards

Our top-notch mobile applications

IIFL Loans App

A customer-facing mobile application facilitating service and support-related tasks for the users' existing loan accounts and to apply for new loans as well.

1,80,000+
AVERAGE MONTHLY USERS

Features

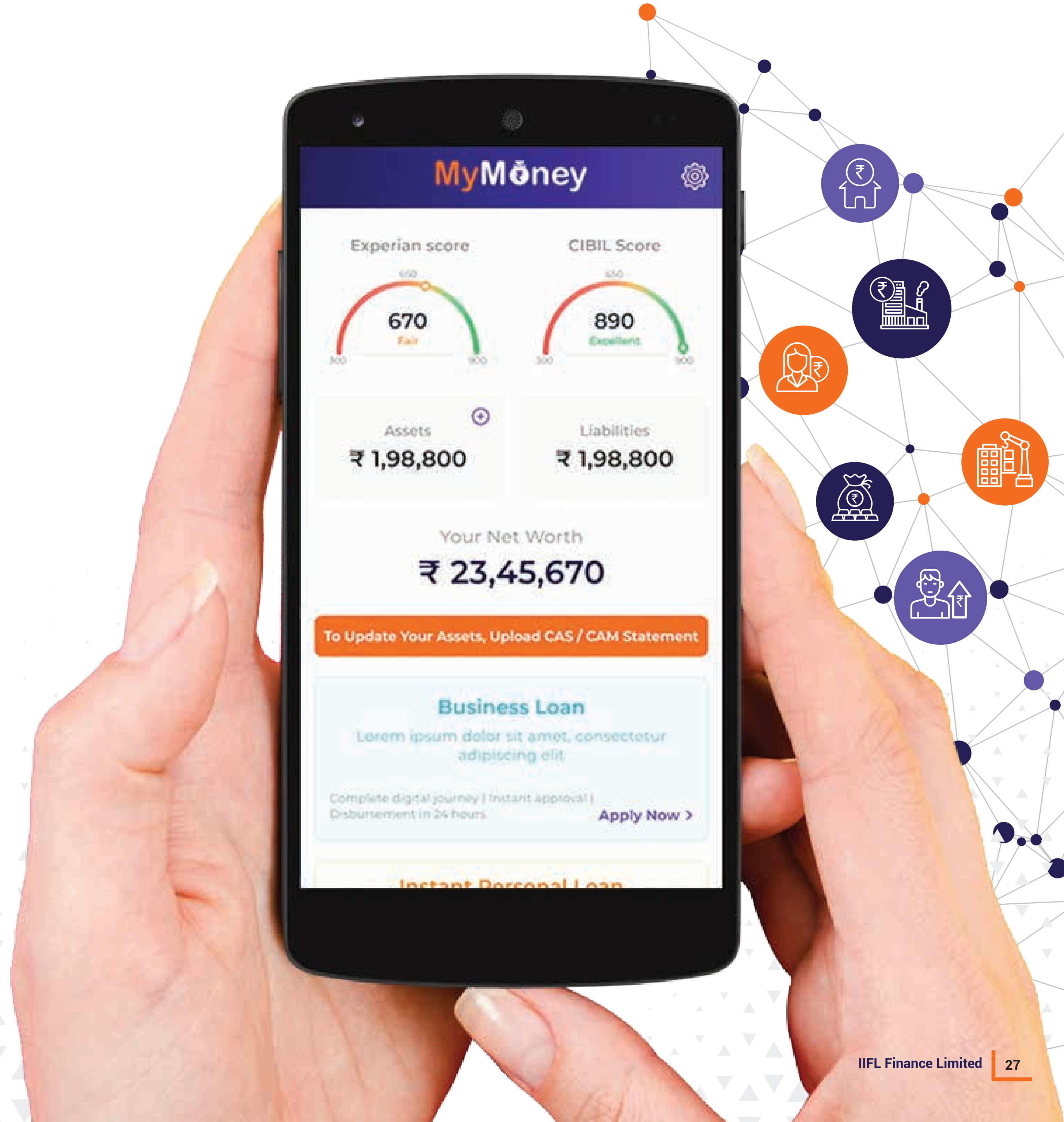
- Dashboard containing details of existing loan accounts
- Easy download of account statements
- Online top-up/Renewal for eligible Gold Loan accounts
- Online application for Instant Personal and other loans
- Smooth issue resolution by raising ticket
- Faster payment of EMIs

My Money App

An app for paperless instant unsecured business loans and managing money in a simple and transparent way.

Features

- Detailed analysis of credit profile and acessing CIBIL score for FREE in just 2 minutes
- 100% online and instant personal loan application ranging from ₹ 5,000 to ₹ 2,00,000
- An in-built spend analyser that helps in analysing investments through graphical formats
- 100% online and instant business loan application ranging from ₹ 50,000 to ₹ 10,00,000



Environmental, Social and Governance

Where small is sustainable

The crisis of COVID-19 tested us in ways we could never imagine or even anticipate. Amid such turbulent times, a clear purpose and strong values became all the more important. We, at IIFL, continued building strong relationships with all our stakeholders. These are the people who work for us, own us, regulate us, live in the societies we serve and the planet we all inhabit.

In this Environmental, Social and Governance (ESG) review, we aim to clearly set out our approach to our environment, customers, employees, communities and governance. The Company's dedicated ESG committee meets quarterly to discuss related issues and resolve any impact or deviation from the Company's values and principles.

IIFL Finance adheres to the following Board-approved ESG 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

Our ESG committee is honoured by the representation of Marquee investors such as CDC. We are proud to say that they continue guiding us with their extensive global experience in supervising ESG initiatives.

OUR NATURAL CAPITAL

Expanding Environment Footprint

We are committed to efficient resource allocation, natural conservation and minimal environmental impact in delivering sustainable growth.

Kutumb: Green Affordable Housing

IIFL Home Finance has actively promoted the development of green affordable building. We have done this in collaboration with housing developers and experts through the 'Kutumb' platform. 'Kutumb' is the solution to the impacts of construction industry – non-renewable resource depletion and waste production. It further reduces carbon footprint and delivers cost-efficient structure, ensuring better health for residents.

Being one of the best green initiative in the affordable housing space, it has created the following environmental impact:

4,400+	7,923 MWH p.a.	4,57,627 KL p.a.	7,289 Tonnes p.a.
TOTAL NUMBER OF UNITS FUNDED BY IIFL HOME LOANS*	ENERGY SAVINGS	WATER SAVINGS	EMISSION SAVINGS

* Indian Green Building Council (IGBC) and Green Rating for Integrated Habitat Assessment (GRIHA) certified

We are expecting 'Kutumb' to create substantial impact by March 2023:

200	~54,00,000	60,000
RESIDENTIAL PROJECTS*	SQUARE METERS GREEN BUILDING FUNDED*	UNITS CERTIFIED*

*Expected by 2023

In addition to Kutumb, IIFL HFL has introduced two more programmes 'PURPOSE' and 'Green Value Partner' (GVP) to accelerate green building adoption in India.

Purpose (**P**latform for Green Affordable Ho**U**sing & Finance, Through **R**esearch, **P**olicy & Techn**O**logy, for **S**ustainable **E**co-System) has set up an advisory council of experts in building construction, finance and sustainability. It aims to influence policies at all levels of implementation, pertaining to green affordable housing.

Green Value Partner (GVP) initiative seeks to provide end-to-end assistance to the developer through a project's lifecycle, ensuring successful realisation of the project.

Green Champion Award

IIFL Home Finance has been recognised by the Indian Green Building Council (IGBC) for its endeavours towards green affordable housing in India.

Our Social and Relationship Capital

Where small is essential

EMPOWERING OUR CUSTOMERS

Our relationship with customers forms the basis of our success. As a Company, we are dedicated to provide affordable, accessible and customised financial products and services to the country's underserved customers.

Gold Loans: Supporting Small Ticket Borrowers

Our loans against gold jewellery is aimed to provide credit to support business needs of small scale entrepreneurs. We provide digital top-up, renewal and doorstep facility for convenience of borrowers. Moreover, instant hassle-free loans ensure easy access to credit for underserved segments.

65%
GOLD LOANS LESS THAN ₹ 50,000 IN VALUE

83%
BRANCHES LOCATED IN TIER II AND TIER III CITIES AND RURAL AREAS

69%
LOANS GIVEN TO SMALL BUSINESSES

Home Loans: Fostering Financial Inclusion

Our subsidiary, IIFL Home Finance, is our gateway for providing accessible and affordable home loans to the first-time buyers in the Tier II and Tier III cities. We nurture financial inclusion by helping the society's underserved customer segment. Our small-ticket sized loans help lesser-privileged sections secure a better future. We promote women empowerment through our efforts, facilitating Credit Linked Subsidy Scheme (CLSS) benefits under the Pradhan Mantri Awas Yojana – Urban [PMAY (U)]. This yojana makes it mandatory to have at least one woman member registered as the owner/co-owner of the new home.

1,18,000+
LOANS TO FIRST-TIME HOME BUYERS

43,000+
FAMILIES BENEFITTED UNDER CLSS

₹ 10.26 billion
SUBSIDY PROVIDED

53%
LOANS GIVEN IN NON-METRO CITIES

61%
LOANS GIVEN TO FEMALE OWNERS/CO-OWNERS

33,000+
LOANS GIVEN TO THE INFORMAL SEGMENT

Retail Business Loans: Driving Entrepreneurship

We provide financial support to the small-scale enterprises and individuals for their working capital and business expansion requirement who do not have easy access to credit. During the testing time of COVID-19 pandemic, we helped our customers through our digital personal/working capital loans' scheme.

80%

FIRST-TIME BORROWERS FROM INFORMAL SECTOR

54%

OF UNSECURED MSME LOANS LESS THAN ₹ 1 MILLION

Microfinance: Empowering Women

Our small-ticket microfinance loans support the self-employed women across the rural and semi-urban regions. We mentor these women about the loan taken, its right usage for income generation and importance of timely repayment. All of this is done through the Joint Liability Groups (JLG). It has proved immensely effective in positively driving female entrepreneurship, women's engagement in household financial decisions while also providing them a dignified life.

88%

OF THE BENEFITTED CUSTOMERS LIVE IN THE COUNTRY'S RURAL AREAS

1.6+ million

FAMILIES BENEFITTED WITH FINANCIAL INTERVENTION

10,000+

DAIRY FARMERS SUPPORTED THROUGH 9 CATTLE HEALTH CENTRES IN 4 STATES

Customer Success Stories

Home Loan

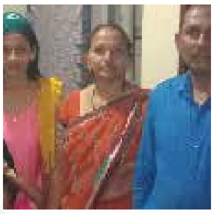
Kodali Anjaneyulu

Location: Hyderabad | Occupation: Milk Business | Loan Amount: ₹ 15,00,000 | Subsidy Amount: ₹ 1,08,751

Kodali Anjaneyulu and his family was tired with the daily nuances of living in a rented accommodation. They had to constantly deal with landlord and shift residences often. Upon hearing about the Pradhan Mantri Awas Yojana, Kodali contacted IIFL Home Loans to explore and understand options. He quickly got through the verification process and availed a subsidy on EMI through CLSS under PMAY. Today, Kodali can easily focus more towards business growth rather than worrying about the increasing rent. His dream of living in his own home has finally come true.

Chandulal Badaji Kotwal

Location: Naroda | Occupation: ASI at Gujarat Police | Loan Amount: ₹ 12,99,882 | Subsidy Amount: ₹ 1,74,384



Chandulal Badaji's big family had members from three generations living together in a small and rented home. After the birth of his granddaughter, he decided to change this and started looking for a home to buy. Chandulal says getting in touch with an IIFL Home Loan representative was one of the best things he did in his life. He learnt about the Pradhan Mantri Awas Yojana and its subsidy benefits. IIFL helped Chandulal in faster loan processing and in availing a subsidy on the loan amount. Today, he is proud to have provided a bigger home for his family, leading them to a better future.

Microfinance

Jayanti Sarkar

Location: Agartala | Occupation: Kirana Shop Owner

Jayanti Sarkar lives with her family. Her husband, a daily wage earner, had unstable wages which were insufficient to meet their monthly expenses. To support her family, she decided to take a loan and start a *Kirana* shop. Lack of capital made her consult neighbours for advice who told her about Samasta Microfinance and its simplified loan process. Today, a customer of Samasta since 2019, Jayanti initially took a loan of ₹ 30,000 and started her journey towards independence with her *Kirana* shop. With her income, she could not only meet her monthly expenses but also provide for her child's education. During the COVID-19 pandemic last year, she took another loan from Samasta to expand her *Kirana* shop. She has proved that planning, dedication, and execution are the most important attributes of success.

Kankuben Rupeshbhai Patel

Location: Pardi | Occupation: Kirana Shop Owner

Kankuben has been a customer of Samasta Microfinance since 2019. Back then, she took her first loan of ₹ 30,000 to start her own vegetable shop. During the lockdown, she bought another vegetable cart for her husband to support the family. However, since everything was closed, her vegetable business was impacted. Both Kankuben and her husband worked hard to maintain their income and credit repayment record. In the month of February 2021, she applied for her second loan from Samasta. She used the money to start a small *Kirana* shop for her husband. After this, Samasta Microfinance increased Kankuben's eligibility to avail a higher loan for aiding her business expansion. Currently, her business is back on track. She believes Samasta has been a lifeline during difficult times by helping her achieve her entrepreneurial dreams.

Aartidevi Pandey

Location: Sambalpur | Occupation: Ration Shop Owner

Aartidevi Pandey's husband owns a ration shop. But they were struggling to arrange a large sum of money for more investment. The local money lenders were charging exorbitantly high interest rates. She took a loan from Samasta Microfinance in March 2020 to buy materials and products for the shop. This helped to increase their daily earnings and meet the family expenses. Soon, they could run their business and grow it every year. Even during the lockdown, when ration shops were declared an essential service, the loan amount from Samasta helped them run business amid tough times.

Aartidevi took another loan from Samasta Microfinance in February 2021 for business expansion because she trusts the values and integrity of Samasta Microfinance. She found the loan process simple and convenient. Her financial independence has helped support her children's education. Hence leading to a better quality of life.

Gold Loans

Venkatram Reddy

Location: Telengana

Mr. Venkatram went to an IIFL branch to avail gold loan. It took him just a few minutes to process the loan and he says that the process was seamless, transparent and quicker unlike other places. He truly believes in the IIFL brand and has advised his friends as well to get their gold loans from IIFL.

Caring for Our Communities

The community we live and operate within is an inseparable part of who we are. At IIFL Finance, we understand the requirements of our communities. We take conscious steps that ensure the overall development of the community we work closely with.

We work towards community development through **IIFL Foundation, the CSR arm of the IIFL group**. We work in some of the country's most underserved pockets and help communities achieve socio-economic transformation and a secured future.

Education Initiatives

'Sakhiyon ki Baadi'

A community-based learning centre in Rajasthan, 'Sakhiyon ki Baadi' is the cornerstone of IIFL Foundation's vision to improve education outreach to the underprivileged children. We have set up schools with modern tech-enabled teaching techniques, in various districts of South Rajasthan, including tribal districts of Rajsamand and Udaipur. 'Sakhiyon Ki Baadi' initiative covertly contributes to conservation of indigenous languages, provides employment to tribal women (as a Daksha) and promotes adult education among women. Since 2016, 32,971 children have been benefitted through our dedicated initiatives.

During the time of COVID-19 pandemic, the team worked actively with the local Government bodies i.e. Anganwadi workers, Primary Health Care (PHC) centres and Panchayat samiti, for reaching out to the people with aid and relief.

29,941
GIRL STUDENTS ENROLLED DURING THE YEAR

3,030
BOY STUDENTS ENROLLED DURING THE YEAR

SDGs Impacted

4 QUALITY EDUCATION

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

Maa Bari: Learning Centre

'Maa Bari' is an initiative that provides formal education to the children of the indigenous tribal communities. These children live in the remotest locations of Rajasthan with no access to Government schools.

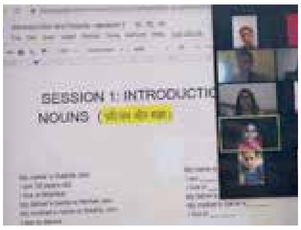
IIFL Foundation partnered with Tribal Area Development Department (TADD) to redevelop 'Maa Bari' centres. We made it operational at Udaipur and Pali districts of Rajasthan. We are working to elevate the infrastructure and learning outcomes of these centres. For this, we are providing digital learning tools, setting up library, training teachers regularly, installing solar panels and solar-powered water pumps, and repairing toilets to improve the premises and sanitation.

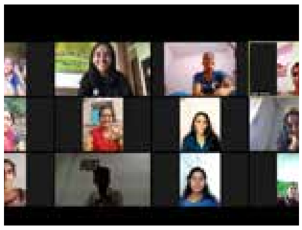
Learning English during the COVID-19 pandemic

'Learning English,' an online training programme, was designed during the lockdown, exclusively for our teachers from Rajasthan's remote rural areas. Students from international universities planned and conducted sessions to educate our teachers on the English language. The new learnings were further shared by the teachers with their students at 'Sakhiyon Ki Baadi' centers and their peers.

579

WOMEN BENEFITTED UNDER 'LEARNING ENGLISH'





Chauras

'Chauras' is a learning centre-cum-crèche initiated by the IIFL Foundation. It provides quality education to the children of migrant workers at construction sites. The well-trained staff addresses issues and discusses topics such as community sanitation, attendance of the children, school admission (mainstreaming), cleanliness, personal

hygiene and health. Presently, 'Chauras' is operational at a centre at Greater Noida (Uttar Pradesh) and we are preparing to initiate seven new centres by 2022 at different construction sites.

Rathshaala

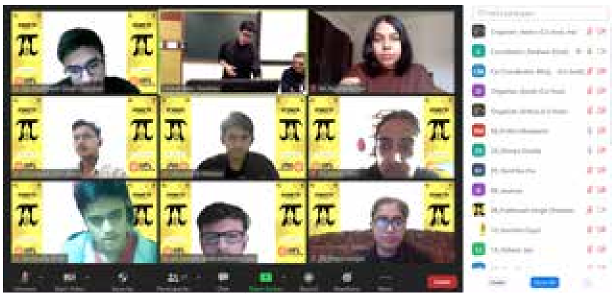
Our initiative 'Rathshaala' is a mobile educational initiative to educate the children of the Rebari community in Rajasthan. These children migrate with their families and cattle for over eight months in a year, and hence miss out on the opportunity to study on a continuous basis.

IIFL Scholarships

IIFL Foundation through IIFL Scholarships supports meritorious students belonging to the underprivileged sections of the society. Through an online portal, student with a family income below ₹ 4 lakh per annum, can apply for scholarships to attain higher education. Scholarship amounting to ₹ 3,500 is awarded to students of 9th and 10th standard, while a scholarship of ₹ 5,000 is awarded to students of 11th and 12th standard.

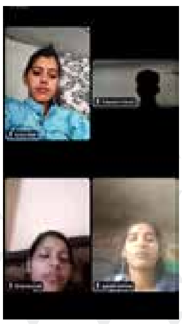
Support for Higher Education

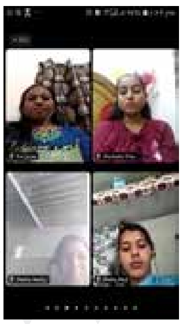
IIFL Foundation provides financial grants to Ashoka University, to support education of students pursuing higher education and Ph.D Scholars. IIFL Foundation supported IIM Indore's Annual Program – Atharv'20. Here, scholarships were awarded to winner of the Pi Quiz – an event for school students in the 9th and 10th standard.



Financial Literacy through Online Mode

Making the most of the online digital platforms, IIFL Foundation organised online sessions on financial literacy for female team members, associated with the 'Sakhiyon ki Baadi' initiative. Participants learnt about budgeting household expenses, banking services and products, Government Schemes (Pension, Insurance, Housing, Savings for girl child) and basic investments (PPF).





Health Initiatives

Oxygen Concentrators

IIFL foundation donated 24 oxygen concentrators to the patients battling the COVID-19 virus in the higher altitude of Kashmir. These units were provided to patients under home quarantine owing to their mobile nature. A single unit supports a patient for consecutive 14 days post which it can be passed on to the next patient.

Arogya

Arogya is a health check-up initiative to conduct the primary health assessment of girls in Rajasthan. The first objective is to improve the health condition of the children falling in the bracket of 6-14 year. Secondly, it aims at making special care available for the children in need of medical attention. We set up a team of qualified medical professional, equipped them with the necessary health screening kits and organised camps in the remote locations. Hence, serving the needs of health, hygiene, deficiency, disease or disorder.

12,421
CHILDREN EXAMINED

250
VILLAGES COVERED

Gaurav Samman

IIFL Finance acknowledged the efforts of COVID-19 warriors in Gujarat. Almost 200 health workers, public authorities, police personnel, volunteers, and NGOs were honoured with the 'IIFL Finance – Gaurav Samman Award' for their efforts in combating the COVID-19 pandemic.




Other Initiatives

ë mela (Daan Utsav)

The IIFL Foundation launched a one-of-a-kind online platform to help artisans, craftsmen, and small-scale producers across the country recover their livelihoods following the lockdown. We designed a website – daanutsav.iifl.com – that helps non-profit organisations, NGOs, Self-Help groups and community-based groups to showcase and sell their goods directly to consumers across India. The platform's services were given 'for free' to the participants.

Artificial Insemination

The IIFL Foundation's Artificial Insemination project has aided farmers from low-income groups into venturing and advancing in the dairy production vertical. This Livestock Development project has 7 AI centres spread across the states of Rajasthan, Karnataka, and Tamil Nadu.

IIFL Foundation Wins CSR Excellence

- Received the 'Women Empowerment Award' at Golden Globe Tigers International Awards for girl child literacy program 'Sakhiyon Ki Baadi'
- Won the 'Best CSR Impact Initiative Award' at the National Award for CSR Excellence for 'Sakhiyon ki Baadi'
- Received the 'Most Promising CSR Program Award' at Goodera Karma Awards for 'Sakhiyon ki Baadi'
- Received the 'Outstanding Contribution to the Cause of Education' Award at the National Award for CSR Excellence
- Ms. Madhu Jain, Director, IIFL Foundation, received the 'CSR Leadership Award' at Golden Globe Tigers International Awards 2020
- Ms. Madhu Jain, Director, IIFL Foundation received the 'CSR Leadership Award' at National Award for CSR Excellence

COVID-19 Initiatives

Where small means support

The year taught us how a pandemic can change the dynamics of individual lives. It showed us the need to remain prepared and make adaptability the strong point. The COVID-19 pandemic not only cost lives but it also disrupted our normal life. But no sooner did the pandemic hit the world, IIFL Finance adapted newer means to educate our communities about the virus so that they get less impacted by it. We took active steps to spread awareness and prevention. Though we are still reeling under the virus, we now know how to minimise its impact on life. We have been supporting our employees to get vaccinated so that we could conquer over COVID-19 and get back our normal life.

Prevention against COVID-19 Pandemic

IIFL stepped forward to help India fight the COVID-19 pandemic. We contributed to the PM Cares Fund to strengthen existing healthcare infrastructure and provided Personal Protective Equipment (PPEs) to various hospitals in Mumbai by contributing to FICCI Socio Economic Development Foundation. IIFL has also made financial donations to Mumbai Police Foundation, Chief Ministers Relief Fund, Andhra Pradesh Police Welfare Relief Fund, Saad Foundation and Breach Candy Hospital.

24

HEALTH EQUIPMENT DONATED TO FIGHT THE COVID-19 PANDEMIC

₹ 50 million

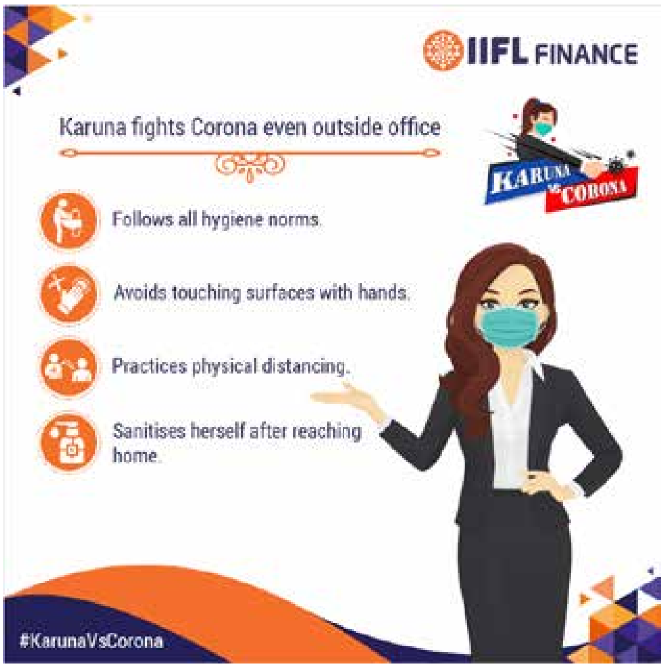
CONTRIBUTION TO THE PM CARES FUND

Steps taken to support our customers and employees:

- Solved genuine customer problems. Supported them through reduction, waiver and flexible terms
- Provided paid leaves to our people who tested positive for COVID-19 for the entire duration of absence from work
- Organised a 24x7 COVID-19 war room hotline for our employees
- Helped our people in hospital admissions and sourcing of beds/ICUs and vendor directory support

Creating Awareness

We supported our employees during the COVID-19 pandemic by providing them 'work-from-home' facility. We educated them with adequate information on COVID-19 precautionary measures. Additionally, we also drafted employee FAQ documents to create awareness among our people – helping them navigate the COVID-19 pandemic.



'Karuna vs Corona' Campaign

We educated our employees about the safety protocols against the novel coronavirus. Thus, we created an avatar 'Karuna'. Karuna vs Corona – an IIFL branded communication booklet – was made to inform the employees about the potential danger, safety guidelines to be followed and protection against COVID-19.

COVID-19 Vaccination Initiatives

- Full cost reimbursement for employees, who get vaccinated in private hospitals
- Vaccination camps for employees in Mumbai and Delhi in tie-up with hospitals

IIFL FINANCE

Nurturing Our Human Capital

Where small means the core

Human capital is the strength of every organisation. It is what drives success by being the enabler of every strategy, action and decision. At IIFL, we have created a workplace which is seamlessly connected. Our employees are motivated to share their ideas and experiences, fostering organisation-wide growth. We provide adequate learning opportunities to our team. We pay special attention towards infusing diversity and inspiring and cultivating skilled talent – the foundation that continues shaping our future.

'GREAT PLACE TO WORK'

AWARDED FOR THE THIRD CONSECUTIVE YEAR IN FY21

GPTW Score - IIFL Finance

80 TRUST INDEX© Score	**82** CREDIBILITY OF MANAGEMENT	**80** RESPECT FOR PEOPLE
77 FAIRNESS AT THE WORKPLACE	**83** PRIDE	**81** CAMARADERIE BETWEEN PEOPLE

'INDIA'S BEST WORKPLACES IN BFSI 2021'

OF THE 100 ORGANISATIONS WHICH PARTICIPATED IN THE BFSI SECTOR, IIFL WAS RECOGNISED AS ONE THE BEST WORKPLACES IN THE SECTOR ON ACCOUNT OF OUR PEOPLE PRACTICES AND HIGH TRUST CULTURE FROM EMPLOYEES

29 years

AVERAGE AGE OF THE WORKFORCE

85%

OF WORKFORCE BELOW 35 YEARS OF AGE

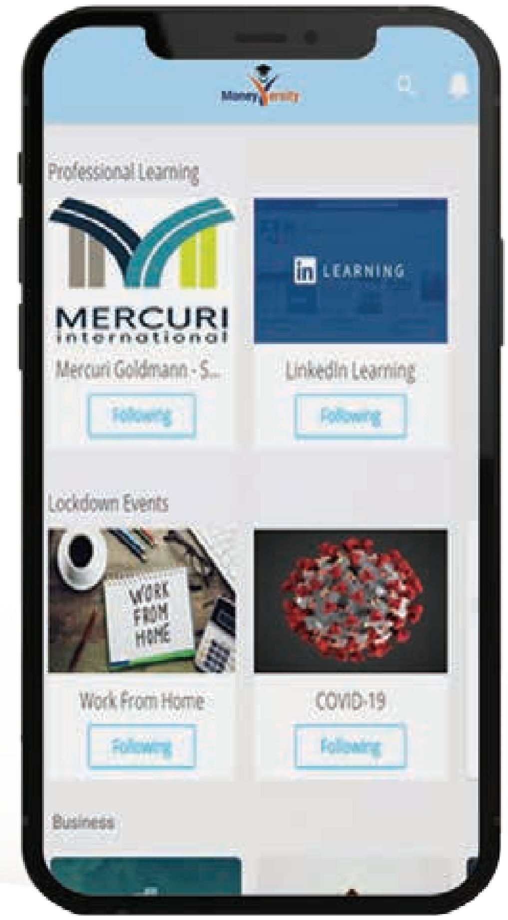
Training and Development Initiatives

MoneyVersity: Learning Experience Migration

A mobile-based learning app designed to transform the traditional classroom sessions into an e-learning experience. With close to 20 unique and distinctive learning channels, MoneyVersity has helped our employees enhance their knowledge and hone their skills. All of this at anytime from anywhere, be it the branch or home.

1,18,271
AGGREGATE TRAINING HOURS FOR ALL EMPLOYEES

7.8
AVERAGE HOURS OF TRAINING PER EMPLOYEE



Virtual Instructor Led Training

2,19,655
AGGREGATE TRAINING HOURS FOR ALL EMPLOYEES

15.3
AVERAGE HOURS OF TRAINING PER EMPLOYEE

Engaging with our Employees

We provide multiple avenues to our employees to communicate and express their thoughts, suggestions, and recommendations. Our employees actively participate in a variety of activities. These help nurture their bond and contributes to their overall development.

Health & Wellness

With an aim to be the healthiest and fittest organisation, we launched 'GoFit' – a health and wellness initiative, in partnership with 'Healthify'. The digital app covers the essential pillars of wellness: Nutrition, Physical, Social and Emotional, along with premium features of the 'Healthify Me' app like 'HealthifySmart Plan' and an AI health coach – 'RIA' – to seek personalised diet plans for free.

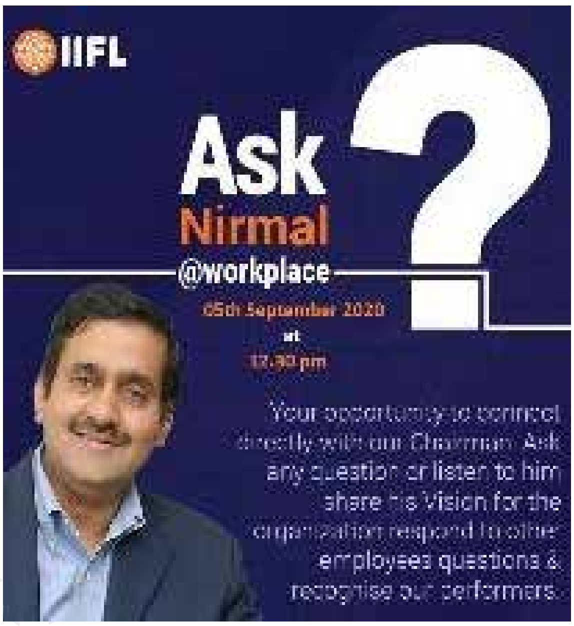
We launched COVID-19 special telemedicine services – for easy access to doctors and healthcare for our employees; COVID-19 special EAP services to provide essential support for mental and emotional wellbeing; free health consultation services for our employees in partnership with Dr. Batra. IIFL also organised various health camps and workshops like nutrition session, yoga sessions, health checkups and work life balance programs throughout the year.

Sports Tournaments

We conducted sports tournaments under the Sports Zest platform. As an organisation, we believe sports are important for everyone's personal and professional growth. It not only enhances employee wellbeing and wellness, but also encourages team bonding and camaraderie.

Capturing Leadership Thoughts @ IIFL

To encourage open communication, leadership connect programmes such as 'Coffee with Chairman', Townhall, under the banner 'Ask Nirmal,' 'Facetime with Business Heads,' and 'Coffee with CEO' were conducted with all employees across the organisation. Our HR team also conducted live interviews with the team leaders to share their inspiring journey, experience, achievements, and success stories @IIFL.



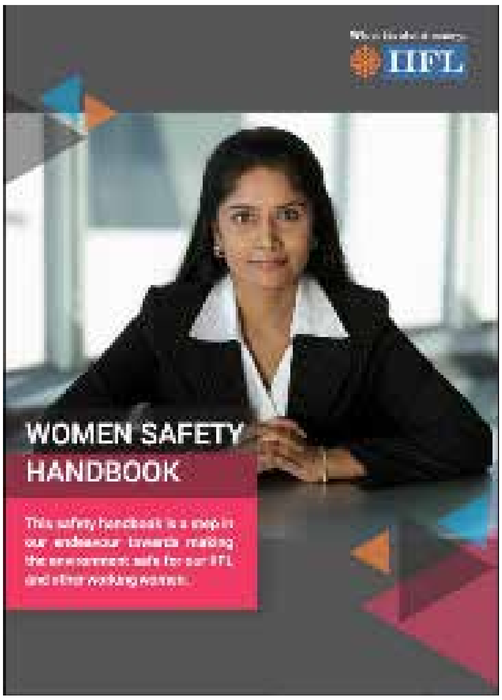
CSR: Employee Initiatives

Post lockdown IIFL-ites united to support our social cause. The teams participated in various social initiatives such as donation drives, visit to orphanages, old-age homes and impact day events, among others.

Women Development Initiatives

With the theme #EachforEqual, the Company planned several initiatives to encourage gender equality and conducted special workshops for women development. During the year, under 'IIFL WoMentering' program, we provided selected women team members insightful, introspective and enriching sessions from external certified mentors across the industry. We also launched 'IIFL Speed Mentoring Program' in partnership with Marching Sheep. It was done with an aim to empower our women, enabling them to grow, gain insights, network and help them advance in their career. Catering the special needs of women employees, we provide maternity leaves, post maternity leaves, creche and day care facilities as well.

Additionally, various other initiatives were undertaken, including formation of women-centric groups, flexible working hours, safety and wellness programs, among others.



Governance in letter and spirit

Good corporate governance is a clear indicator of a well-managed organisation and essential for long term value creation. At IIFL, we firmly believe in adherence to business ethics and corporate governance. It is crucial for achieving our vision of being India's most respected Company in the financial services space. Our core values of Fairness, Integrity and Transparency are the foundation of our approach to governance.

Role of the Board

Our Board of Directors ('Board') is highly respected for their professional integrity. Their rich financial and banking experience and expertise collectively directs the Company towards its goal and vision. The Board has adopted a set of Corporate Governance Guidelines which serve as a flexible framework for achieving its goals. These guidelines are regularly reviewed and appropriately updated with evolving best practices and other regulatory requirements. We also incorporate feedback from the annual Board evaluations and recommendations by our shareholders.

The Board exercises strategic oversight over business operations. It ensures legal framework compliance, integrity of financial accounting and reporting systems and proper and timely disclosures for shareholders. This demands the Board to exercise its judgment. It requires them to make informed and deliberative decisions in the Company's and shareholders' best interest.

Effective Policies and Code of Conduct

The Company's Anti-Corruption policy outlines rules and principles on combating corruption. It helps conduct business in an honest and ethical manner with a zero-tolerance approach to bribery and corruption. The Company has adopted a Whistle Blower Policy with the necessary vigil mechanism. It helps employees report genuine concerns about unethical behaviour, actual or suspected fraud.

The Board and the Senior Management Personnel maintain proper code of conduct. They are cognizant of situations with chances of potential conflict between the interests of the Company and the Directors/Senior Management. Under any circumstances, no step is taken against the Company's interest.

Board Diversity

An optimal mix of skills, expertise and experience is vital for an organisation. It ensures that the Board is equipped right to guide the Company's business and strategy. Our Board has a good combination of Executive and Non-Executive Directors, including one Independent Woman Director. It presents 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.

4 of 8
DIRECTORS ARE INDEPENDENT

2
EXECUTIVE DIRECTORS

6
NON-EXECUTIVE DIRECTORS

Left to right: **Mr. Nilesh Vikamsey | Ms. Geeta Mathur | Mr. Chandran Ratnaswami | Mr. R. Venkataraman | Mr. Nirmal Jain | Mr. A. K. Purwar | Mr. Nagarajan Srinivasan | Mr. Vijay Kumar Chopra**

Board Committees

The Board regularly reviews committee's structure and responsibilities. It helps enhance the effectiveness of the Board's risk oversight function. Additionally, it also ensures appropriate focus on matters of strategic and governance importance. Currently, the Board has seven committees:

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

Composition of ESG Committee

The Company has a dedicated ESG committee which meets quarterly to discuss a range of ESG issues. The aim of these discussions is to drive the Company's values and impact. Marquee investors CDC have representation at our ESG committee. They guide us with their rich, global experience in driving ESG initiatives. The committee also includes members of the Board and the senior management.

Board of Directors

Mr. Nirmal Jain (Chairman) C

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 also 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 when it started as an independent equity research company in India. Over the last 26 years, he has led the Group's expansion, while remaining focussed on financial services. The Group, through its four listed entities, has a leading presence in India's wealth & asset management, consumer lending, securities trading & discount broking space. With an impeccable track record of governance and growth, the Group has attracted marquee investors and won accolades internationally.

Mr. R. Venkataraman (Managing Director) C M M M

Mr. R. Venkataraman is the co-promoter and Managing Director of the Company. He holds a Post Graduate Diploma in Management from the 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 22 years. He has previously held senior managerial positions at ICICI Limited, including ICICI Securities Limited, and their investment banking joint venture with J P Morgan of US and Barclays – BZW. He has also worked as an Assistant Vice President with GE Capital Services India Limited in their private equity division. He has a varied experience of more than 30 years in the financial services sector.

Mr. Arun Kumar Purwar (Independent Director) C C M

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.

Ms. Geeta Mathur (Independent Director) M M M

Ms. Geeta Mathur is a Chartered Accountant 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, and Siel Limited, among others. She has developed, reorganised, streamlined and led large national teams. She transitioned from the corporate sector to the development sector as CFO of Helpage India, where besides successful implementation of Oracle ERP and setting up processes for budgeting and MIS, she was consistently awarded by the Institute of Chartered Accountants and South Asian Federation of Accountants for best presentation and transparency in accounts. 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 the Shriram College of Commerce, Delhi University and did her articleship with the Price Waterhouse while pursuing her Chartered Accountancy.

Mr. Vijay Kumar Chopra (Independent Director) C C M M

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 37 years' experience in the banking industry. Some of his accomplishments include being the Chairman and Managing Director at Corporation Bank and SIDBI, 3 years as an Executive Director at the Oriental Bank of Commerce and 31 years in various capacities at the Central Bank of India.

Mr. Nilesh Vikamsey (Independent Director) C M M M M

Mr. Nilesh Vikamsey is a senior partner at Khimji Kunverji & Co LLP – an 84-year-old Chartered Accountants firm which is a member firm of HLB International. He is currently a member of International Auditing and Assurance Standards Board (IAASB) Reference Group for Audits of Less Complex Entities, and Committee member of committees of Ministry of Corporate Affairs (MCA), Comptroller and Auditor General of India (CAG). Mr. Vikamsey is Committee member of organisations like Indo American Chamber of Commerce, Bombay Chartered Accountants' Society (BCAS), The Chamber of Tax Consultants (CTC). He is a trustee in 'Sayagyi U Ba Khin' Memorial Trust (Vipassana International Academy, Igatpuri) & few educational trusts in Mumbai. He is presently a 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 was the President of ICAI in the past. He was an observer on the Board of International Federation of Accountants and Member of IFAC's Technology Advisory Group. He was the Past Chairman of Federal Bank Limited and 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.

Mr. Nagarajan Srinivasan (Non-Executive Director) M M M

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 four 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 is presently on the boards of nine CDC investee companies in India. He 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.

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 Hamblin Watsa Investment Counsel Limited, a wholly owned investment management company of Fairfax Financial Holdings Limited. 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. He 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.

Stakeholders' Relationship Committee · CSR Committee · ALCO Committee · Risk Management Committee · Nomination and Remuneration Committee · IT Strategy Committee · Audit Committee

C Chairman M Member

Stakeholder Engagement

Effective stakeholder engagement is necessary for bringing stakeholder needs together and coinciding it with organisational goals. Our robust stakeholder engagement process fosters and nurtures relationships. It improves decision making and creates long-term value.

Stakeholders	Focus Areas
CUSTOMERS	Customised financial products and services Easy access to physical and digital channels Seamless customer service Secure transactions Responsible financial partner
SHAREHOLDERS	Regular dividend Ethical business practices Sustainable performance Transparent reporting and disclosure
GOVERNMENT AND REGULATORY BODIES	Compliance with laws and regulations Responsible and ethical business Financial inclusion Active participation to industry and regulatory working groups
COMMUNITY	Regular engagement to promote social well-being Environment conservation Community welfare initiatives Better quality of life
EMPLOYEES	Training workshops Growth opportunities and career advancement Work life balance Effective performance management Competitive remuneration Safe work environment

Mode of Engagement	Frequency
Regular engagement through branches and relationship managers Email, calls, SMS, app, websites, postal Call centre Social media interactions Marketing campaigns	Regular Periodical Annual Need-based
Investor meets Quarterly results Investor presentations Management Roadshows Annual Report Annual General Meeting Press releases Investor grievance channels	Need-based Periodical Annual/Quarterly
One-on-one or Group Meetings Periodical submission of business performance Written communications Mandatory regulatory filings	Need-based Periodic
CSR initiatives by IIFL Foundation Skill development training Various education and health initiatives Financial literacy Employee volunteering Green Building promotion	Regular Need-based
Town halls One-on-one meetings Training and development workshops Health initiatives Engagement initiatives Learning through online modules Digital apps for employees and collection officers Performance appraisals	Regular Need-based

Strategic Roadmap and Outlook

Being one of the leading names in the country's NBFCs, IIFL Finance closely observes the environment we operate within. We constantly scan our landscape of risks and opportunities and adapt relevant strategies accordingly. We emphasise on our key strategic focus areas with an aim to deliver strong returns to our shareholders. Our focal point is delivering best-in-class and sustainable products to customers while also creating shared value for our communities and employees.

OUR STRATEGIC FOCUS AREAS

- Small-ticket Size Loans
- Co-lending Model
- End-to-end Digitisation
- Physical Reach
- Sustainability Measures

Value created by us

- Customer Satisfaction
- Financial Inclusion
- Better Returns for Shareholders
- Operational Efficiencies
- Engaged Employees
- Sustainable Growth

Our Strategic Focus Areas

Small-ticket Sized Loans

India still has a low retail finance penetration today. At IIFL, this is one of the vital growth drivers that we base our future roadmap on. We are well positioned to leverage this opportunity, backed by our diverse offerings across Home Loans, Business Loans, Gold Loans and Microfinance. We are consistently addressing our customers' evolving needs and capturing this opportunity. The increasing granularisation of our retail loans with 90% of our portfolio being retail stands proof to the same.

Co-lending Model

IIFL Finance has partnered with country's three leading banks in a co-lending arrangement for Home Loans, Gold Loans and MSME Loans. This partnership, between banks with stable liability base and IIFL Finance with large branch network, specialised underwriting skills and trained workforce, is a win-win model for all. Co-lending arrangement will help us reach out to the deeper pockets of the country. Hence providing credit to the economy's underserved sections to a greater degree.

End-to-End Digitisation

Our digital platforms facilitate an end-to-end seamless financial experience for our customers. It smoothens the entire process right from onboarding to loan disbursement. Our user-friendly and feature-rich mobile apps offer easy and faster services to the customers. Additionally, we have continuously bolstered our credit underwriting and approval mechanism by deploying data analytics effectively. We have also proactively partnered fintech players to provide value-added benefits to our customers. Going forward, we will continue focusing on innovation and invest even more on technology.

Physical Reach

Digital technology is surely important. However, there is still ample need and opportunity to expand our branch networks. This particularly holds true for Microfinance and Gold Loan. Our extensive branch networks and growing customer touchpoints are one of the key drivers serving our customers. It effectively promotes financial inclusion by reaching areas where it is most needed.

Sustainability Measures

We have integrated ESG practices across business functions. Our aim is to create long-term sustainable growth for all. Our ESG strategy is mainly focused on minimising impact on environment through sustainable business practices, empowering customers through our small-ticket loans, caring for communities, employees and strictly adhering to governance.

Outlook

The COVID-19 pandemic has worsened the troubles and concerns of NBFCs. It has heightened the challenges pertaining to liquidity crunch. Under such circumstances, the Government and the RBI's support brought in some much-needed relief. The unprecedented liquidity crunch, in the last two years, has introduced consolidation in the financial services industry. Today, as the economy gradually moves towards a 'V' shaped recovery, a robust credit demand, especially for MSME and affordable housing, is being anticipated.

We are growing our focus on core lending products and gradually reducing our share in Commercial and Real Estate loans (CRE), one of our non-core businesses, on the other side. This approach has helped us maintain consistent GNPAs and healthy asset quality. As industry's established player, we are poised to benefit from the rising credit demand, falling interest rates, and improving operational efficiencies.

Marketing Campaigns

Brand TVCs #SeedhiBaat 2021

Keeping up with our last year's theme of *Seedhi Baat*, we continued our endeavour to stand out, being honest and transparent. When business resumed as normal after restrictions were lifted, IIFL unveiled its first-ever television advertising campaign. It featured our brand ambassador and superstar cricketer, Rohit Sharma, on the theme *Seedhi Baat*. Every commercial that aired on major national and regional news channels, focused on a different aspect of *Seedhi Baat* like integrity, loyalty, and the importance of harmonious relationships.

India-Australia Series

When the cricket season kicked off again, IIFL Finance was prominently featured during the India-Australia series. During the match, the IIFL Finance logo and products (Gold Loan, Home Loan, and SME Loan) were projected on virtual pitch mats for almost 5,500 seconds throughout the series.

360-Degree Coverage

Our offline marketing activities had to be paused during the primary lockdown phase. However, post October 2020, when restrictions were lifted, we unveiled our 360-degree marketing campaigns with a slew of new schemes. We also launched Digital Gold Loan, Referral Program, and other customer offers.

During the festival season, we ran several regional promotions. These were targeted towards new and existing customers who could earn guaranteed gifts for availing gold loan from the Company. These campaigns were extensively advertised on television, in print, outdoor, on the radio, and on the internet.

Gold Loan Mela

We regularly hold 'Gold Loan Melas,' which are offer-driven promotions aimed at acquiring new customers.

Myth vs Fact

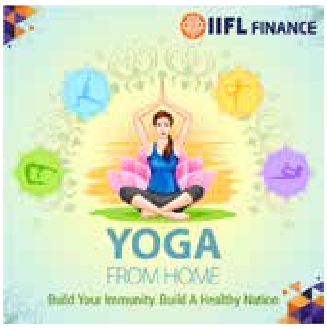
We ran a consumer awareness campaign on social media, debunking myths around loans, especial gold loan. This was done in line with our theme of *Seedhi Baat* where accountability was one of the main tenets.

21-Day Financial Fitness Programme

We unveiled the '21-Day Financial Fitness programme' on our social media accounts during Lockdown 1.0. The idea was to utilise peoples' free time constructively. During the said 21 days programme, we published one basic financial task each day which was to be completed on the same day. This proved to be an excellent opportunity to provide our customers with some basic-yet-important and straightforward guidance to evaluate and improve their financial position.

Social Media Campaigns

- Mother's Day
- International Yoga Day
- Emoji Day Contest
- Know Your Ganesha
- Rishton Ki Chamak
- Seedhi Baat Match Review Contest
- Seedhi Baat Story, Poetry & Quotes Writing Contest
- COVID-19 Advisories
- Seedhi Baat Blogs



Awards & Accolades

- Recognised as one among 'The Economic Times Best Brands, 2020'

- Received the 'Best PR Campaign Award' at the Global Marketing Excellence Awards for #SeedhiBaat campaign

- Awarded the 'Best Television Campaign Award' at the Global Marketing Excellence Awards for #SeedhiBaat campaign

- Bestowed with the 'Best Marketing Campaign Award' at the National Awards for Marketing Excellence for the television commercial with Rohit Sharma

Conferred with the 'Golden Peacock Award for National Training, 2020' under Financial Services Category

Accorded as the 'Great Place to Work' for the third consecutive year in FY21

IIFL Home Loan recognised as one of 'The Best BFSI Brands' by The Economic Times

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Twenty Sixth 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, 2021. The Company is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Banking Financial Company ("NBFC") not accepting public deposits (NBFC-ND-SI).

This was an unprecedented year, with the Covid-19 pandemic affecting countries, businesses and individuals in India and across the world. Lockdown and restrictions imposed on various activities due to the pandemic called for extraordinary changes in the way operations were managed at the Company. Our technological investments and timely and decisive steps towards remote working ensured business continuity even as the pandemic unfolded across locations of our presence.

The Company extended wholehearted support to vulnerable sections of society during this period in a number of ways. More details of the COVID-19 relief work are covered in the CSR Report attached to this report.

1. FINANCIAL RESULTS

A summary of the financial performance of your Company and its major subsidiaries, for the financial year ended March 31, 2021 is as under:

(₹ in Million)

Name of the Company	Revenue	Profit After Tax
IIFL Finance Limited	34,362.05	3,425.77
IIFL Home Finance Limited	20,677.50	4,010.95
Samasta Microfinance Limited	7,021.30	666.23

Consolidated Financial Results

A summary of the consolidated financial performance of your Company, for the financial year ended March 31, 2021, is as under:

(₹ in Million)

Particulars	2020-21	2019-20
Gross total income	59,893.95	49,261.25
Profit before Finance Cost, depreciation, share of loss of Joint Venture, exceptional items and taxation	37,359.55	32,358.51
Finance Cost	26,258.27	24,050.18
Depreciation	1,053.44	1,056.49
Profit before share of loss of Joint Venture, exceptional items and tax	10,047.84	7,251.84
Profit before exceptional items and tax	10,047.84	7,251.84
Exceptional items	-	-
Profit before tax	10,047.84	7,251.84
Taxation – Current tax	3,173.53	1,778.98
- Deferred tax	(779.46)	466.34
- Short or excess provision for income tax	45.67	(28.21)
Net profit for the year	7,608.10	5,034.74
Other Comprehensive Income	(243.17)	(66.60)
Total Comprehensive Income before Non-Controlling interest	7,364.93	4,968.13
Attributable to:		
Owners of the Company	7,358.03	4,951.77
Non-controlling interests	6.90	16.36
Less: Appropriations		
Dividend	(1,135.41)	(817.05)
Dividend Distribution Tax	-	(167.95)
Transfer to/ from Other Reserves	(1,624.48)	(1,476.92)
Change in Minority	2.73	2.27
On account of Merger	-	(25.83)
Add: Balance brought forward from the previous year	10,872.03	8,405.73
Balance to be carried forward	15,472.90	10,872.03

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

DIRECTORS' REPORT (Contd.)

Standalone Financial Results:

A summary of the standalone financial performance of your Company, for the financial year ended March 31, 2021, is as under:

(₹ in Million)

Particulars	2020-21	2019-20
Gross total income	34,362.05	26,712.00
Profit before Finance Cost, depreciation, share of loss of Joint Venture, exceptional items and taxation	20,203.03	15,697.95
Finance Cost	15,549.75	12,483.57
Depreciation	908.83	894.09
Profit before share of loss of Joint Venture, exceptional items and tax	3,744.45	2,320.29
Profit before exceptional items and tax	3,744.45	2,320.29
Exceptional items	530.50	46.06
Profit before tax	4,274.95	2,366.35
Taxation		
- Current tax	972.83	419.33
- Deferred tax	(167.48)	479.68
- Short or excess provision for income tax	43.83	(20.69)
Net profit for the year	3,425.77	1,488.03
Other Comprehensive Income	(211.07)	(24.86)
Total Comprehensive Income	3,214.70	1,463.17
Less: Appropriations		
Dividend	(1,135.41)	(817.05)
Dividend Distribution Tax	-	(79.34)
Transfer to/ from Other Reserves	(686.80)	(686.05)
On account of Merger	-	(25.82)
Add: Balance brought forward from the previous year	3,193.73	3,338.83
Balance to be carried forward	4,586.23	3,193.73

*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. 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
	2020-21	2020-21
Special Reserve during the year (Pursuant to Section 45 IC of the Reserve Bank of India Act, 1934)	819.59	686.80
Special Reserve during the year (Pursuant to Section 29C of National Housing Bank Act, 1987)	805.00	-
General Reserve during the year	6.82	6.82

DIRECTORS' REPORT (Contd.)

2. 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 ₹ 59,894 million compared to ₹ 49,261 million in the previous year. We recorded our highest ever pre-provision operating profit of ₹ 21,734 million during the year, driven by volume growth, reduction in cost of funds and better cost management compared to ₹ 11,914 million in the previous year. Profit before tax stood at ₹ 10,048 million compared to ₹ 7,252 million in the previous year and Profit after tax (TCI post non-controlling interest) stood at ₹ 7,358 million compared to ₹ 4,952 million in the previous year.

Our Loan assets under management (AUM) grew 18% y-o-y to ₹ 446,880 million compared to ₹ 379,511 million in the previous year. The core segments of our portfolio namely Home loans, Gold loans, Business loans (excluding Healthcare Finance) and Microfinance loans, grew faster at 22% y-o-y to ₹ 396,324 million compared to ₹ 325,206 million in the previous year. The primary drivers of the AUM growth were Gold loans, which grew by 44% y-o-y and Microfinance loans, which grew by 40% 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 Company is in the process of transferring a substantial part of its Construction & Real Estate (CRE) loan assets that are in the form of non-convertible debentures to an Alternative Investment Fund wherein, the Company will continue to own at least a third of the AIF's units. The AIF has a target fund size of ₹ 36 billion. The capital released by the above transaction, will strengthen Company's balance sheet and help to focus sharply on retail lending, in line with Company's strategy.

The AUM of standalone IIFL Finance Limited (holding Company) grew 20% y-o-y to ₹ 191,988 million from ₹ 160,566 million in the previous year. The AUM of IIFL Home Finance Ltd grew 12% y-o-y to ₹ 206,937 million as of March 31, 2021 from ₹ 184,947 million in the previous year and that of Samasta Microfinance Limited grew 41% y-o-y to ₹ 47,956 million as on March 31, 2021 from ₹ 33,998 in the previous year. Our book continues to get more granular with about 90% of the book as at March 31, 2021 being retail in nature. Moreover, 36% of the loans are compliant with RBI's priority sector lending norms. Gold loans are not deemed to be PSL compliant. 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 declined by 28 bps y-o-y to 9.00% and Net Interest Margin (NIM) on Balance Sheet loans increased by 46 bps y-o-y to 6.83%. 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 1.98%^ and 0.89%^ of loans respectively as against 2.04%^ and 0.82%^ respectively in previous year `.

Provision coverage (incl. standard assets provision), under Ind AS norms, on stage 3 assets for the year was 185.76%.

Return on assets for the year was at 1.96% as compared to 1.46% in the previous year. Similarly return on equity for the year was at 14.83% as compared to 11.07% in the previous year. It has mainly increased due to higher profits driven by increase in net interest income and cost optimisation. Net interest income has mainly increased due to superior product mix and savings in cost of funds.

Despite the challenging environment for the industry, we have managed our liquidity well with adequate margin of safety. We raised long-term funds (excluding assigned and securitised) of ₹ 102.83 billion in FY 2020-21, including ₹ 6.70 billion from public issue of unsecured subordinated non-convertible debentures. Our exposure to commercial paper continues to be Nil. We completed securitisation and assignment transactions of ₹ 112.33 billion in FY 2020-21. Our outstanding liability (excluding assignment and securitisation) mix remained well diversified with NCDs including sub-ordinate debt constituting 37%, Bank term loans and working capital finance constituting 53% and NHB re-finance constituting 10%. Our outstanding securitization / assignment balance grew by 27% y-o-y to ₹ 149,040 million. We had a positive ALM throughout the year, whereby inflows covered or exceeded expected outflows across all buckets.

(^GNPA and NNPA numbers excluding discontinued Healthcare equipment finance (HCF) business.)

Outlook

Though the pandemic brought challenges on the NBFC sector, it gave rise to greater opportunities such as realignment of strategies, cost optimisation and more focus on digital mode for sustainable growth. With the second wave of Covid-19 leading to partial

DIRECTORS' REPORT (Contd.)

lockdown and restricted business activities, the upside is vaccination drives are in full swing across the country.

The outlook for FY 2021-22 looks promising especially in the retail segment, since macroeconomic indicators show that this segment is highly under penetrated. For eg. mortgage to GDP ratio of India is hardly 10%. Our investment in digital and technology initiatives has enabled us to seamlessly conduct business in an uninterrupted manner even during lockdown periods. Wherever required, our staffs are working from home. Disbursements and physical collections which were impacted during the onset of Covid-19 are back to pre-Covid levels. IIFL Finance is well prepared to seize opportunities and manage risks at every stage of our value chain.

The Government and RBI have introduced several liquidity and stimulus measures to support the NBFC industry, which have slowly started to yield results. Disbursements are picking up sequentially across the NBFC sector, driven by moratorium exit, pent-up and seasonally strong demand. 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.

3. 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 Statement for the same.

4. MACROECONOMIC OVERVIEW

Indian economy has experienced a massive hit due to the spread of second wave of COVID-19. Partial restrictions and lockdowns slowed down business activities across the country. The wave of positivity came with the roll out of vaccines and revival of several infrastructure projects by the Government. This helped uplift morale while also boosting economic activities.

Though uncertainty looms around on account of the second wave, the recovery momentum should not be affected backed by vaccine rollout. The economy is strongly fighting against the second wave of COVID-19 to handle the downside risks posed by cases.

The economy slowly graduated out of the contraction zone from a dip of 23.90% in June 2020 to a positive 0.40% in December 2020 (Source: MOSPI). The latest GDP numbers support the economy's narrative of a strong sequential recovery. However, the pace of ongoing recovery and its ability to return to pre-pandemic levels remain slow. The eight core sector industries' index has shown a positive momentum with minor dips in the short-term. The outlook for the future remains optimistic with recovery in business activities.

The Indian economy is expected to show decisive and strong signs of recovery. These positive signals are underpinned by the confidence post the vaccine roll out, low interest rates, resurgence of consumer confidence and other investment-attracting measures. With strong prospects of robust growth gaining grounds in consumption and investment, along with a lower base effect, GDP is estimated to grow at 11% in FY 2021-22 (Source: Economic Survey 2020-21)

5. DIVIDEND ON EQUITY SHARES

During the year 2020-21, the Board of Directors of the Company declared and paid an interim dividend of ₹ 3/- per equity share (i.e. 1.50 times of the face value of ₹ 2/- per equity share). This led to an outgo of ₹ 1,135.41 million owing to dividend. Your Directors recommend that the said interim dividend be considered as final. The dividend paid during the previous financial year 2019-20 was ₹ 2.25/- 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 the 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 V"** to this report and is available on the website of the Company i.e. www.iifl.com.

6. KEY INITIATIVES / DEVELOPMENTS

Public Issue of Unsecured Sub-Ordinated Redeemable Non-Convertible Debentures

During the year under review, IIFL Finance Limited, raised through Public Issue of Unsecured Sub-Ordinated Redeemable Non-Convertible Debentures ("NCDs") an amount aggregating to ₹ 6,708.6 million. These NCDs are listed and traded on the NSE and BSE.

Issuance of Non-Convertible Debentures on Private Placement basis

During the year under review, IIFL Finance Limited raised through Private Placement of Secured Redeemable Non-Convertible Debentures ("NCDs") an amount aggregating to ₹ 18,511.7 million. These NCDs are listed on the NSE.

NHB Refinance

During the year under review, National Housing Bank (NHB) sanctioned ₹ 12,020 million refinance facility to IIFL

Home Finance Limited, a Wholly Owned Subsidiary of the Company.

Funds raised by way of other Borrowings

During the year under review, IIFL Finance Limited (consolidated), raised ₹ 66,102.5 million through term loan from various banks.

Sale stake of Samasta Microfinance

During the year under review, due to identified synergies and to increase IIFL Home Finance Limited's penetration in semi urban and rural areas in more strategic manner, IIFL Finance Limited sold 6,60,61,285 number of fully paid equity shares of ₹ 10/- each constituting of upto 25% equity shares held by IIFL Finance Limited in Samasta Microfinance Limited, Subsidiary Company to IIFL Home Finance Limited, Wholly-owned Subsidiary Company.

Additional investment in Samasta Microfinance

During the year under review the Company invested in Right Issue of equity shares of Samasta Microfinance Limited, a Subsidiary of the Company for an amount of ₹ 675 million. The post allotment, holding of the Company in Samasta Microfinance Limited is 74.09% and the post allotment holding of IIFL Home Finance Limited, a wholly owned subsidiary of the Company in Samasta Microfinance Limited is 25%.

Transfer of real estate credit assets to an Alternate Investment Fund (AIF)

The Company is in the process of transferring a substantial part of its Construction & Real Estate (CRE) loan assets that are in the form of non-convertible debentures to an Alternative Investment Fund wherein, the Company will continue to own at least a third of the AIF's units. The AIF has a target fund size of ₹ 36 billion. The capital released by the above transaction, will strengthen Company's balance sheet and help to focus sharply on retail lending, in line with Company's strategy.

Ex-gratia

Reserve Bank of India vide its circular dated April 07, 2021 instructed all lending institutions to refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed or not availed. Pursuant to these instructions, The Group has estimated an amount of ₹ 169.8 million and charged the same to Profit and Loss Account for the year ended March 31, 2021 on the basis of the methodology for calculation of the amount of such 'interest on interest' finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies.

Co-origination / Co-lending tie-up with banks

During the year under review, IIFL Home Finance Limited did co lending tie ups with ICICI Bank for providing affordable housing and secured MSME loans, with Standard Chartered Bank for secured MSME loans and for CSB Bank IIFL Finance Limited has tied up as Business Correspondent for gold loans. During the year ended March 31, 2021, we have already commenced business under the tie-ups with CSB Bank and ICICI Bank.

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. As per Rule 4(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, IIFL Foundation has registered itself with the Central Government by filing the e-Form CSR-1 with the Registrar of Companies.

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

- Girl Child Illiteracy Eradication programme.
- Redevelopment and digitisation of Maa Bari Learning Centers.
- 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.
- Fight against Covid-19 by contributing to the PM-Cares Fund, providing Personal Protective Equipment (PPEs), Donating oxygen concentrators to rural areas, supporting Covid Care Centers and donating Ventilator machine
- Livelihood 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 utilizing the required amount.

DIRECTORS' REPORT (Contd.)

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 is recognised as one of The Economic Times Best Brands 2020
- IIFL Foundation's flagship girl child literacy program 'Sakhiyon Ki Baadi' received Women Empowerment Award at Golden Globe Tigers International Awards
- IIFL Foundation received 'outstanding contribution to the cause of education' award at National Award for CSR Excellence
- IIFL Foundation's flagship girl child education initiative 'Sakhiyon Ki Baadi' received the 'best CSR impact initiative award' at National Award for CSR Excellence
- IIFL Foundation's 'Sakhiyon Ki Baadi' initiative received the most promising CSR program at Goodera Karma Awards
- Ms Madhu Jain, Director, IIFL Foundation received the CSR Leadership Award at Golden Globe Tigers International Awards 2020
- Ms Madhu Jain, Director, IIFL Foundation received the CSR Leadership Award at National Award for CSR Excellence
- IIFL Finance's #SeedhiBaat campaign received the Best PR Campaign award at the Global Marketing Excellence Awards
- IIFL Finance's #SeedhiBaat campaign received the Best Television Campaign award at the Global Marketing Excellence Awards
- IIFL Finance's TVC with Rohit Sharma received the Best Marketing Campaign Award at the National Awards for Marketing Excellence
- IIFL Home Loan recognised as one of The Best BFSI Brands by Economic Times
- IIFL received Golden Peacock Award for National Training 2020 under Financial Services Category
- IIFL Finance received 'Great Place To Work' for the third year in a row

7. SHARE CAPITAL

During the year under review, the total paid up equity share capital of the Company increased from ₹ 75,66,81,844/- to ₹ 75,76,81,352/- pursuant to allotment of 4,99,754 equity shares of ₹ 2/- each under Employee Stock Option Scheme(s) of the Company to the eligible employees.

The movement of share capital was as under:

Particulars	No. of shares allotted	Cumulative outstanding capital (no. of shares with face value of ₹ 2 each)
Capital at the beginning of the year	-	75,66,81,844
Allotment of shares to employees on August 14, 2020 pursuant to exercise of options granted under IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	27,135	75,67,36,114
Allotment of shares to employees on September 21, 2020 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	27,510	75,67,91,134
Allotment of shares to employees on December 02, 2020 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	52,274	75,68,95,682
Allotment of shares to employees on December 22, 2020 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	21,668	75,69,39,018
Allotment of shares to employees on February 08, 2021 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	56,689	75,70,52,396
Allotment of shares to employees on March 16, 2021 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	3,14,478	75,76,81,352

DIRECTORS' REPORT (Contd.)

8. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In accordance with the applicable provisions of Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. The details relating to amount of dividend transferred to the IEPF during 2020-21 and corresponding shares on which dividends were unclaimed for seven (7) consecutive years, are provided in the General Shareholders Information section of Corporate Governance report forming part of this Annual Report.

9. SECURITISATION OF LOAN PORTFOLIO

During the year under review, your Company (consolidated) as an originator has undertaken securitisation transactions of total book value of loan assets amounting to ₹ 34,128.72 million and Direct Assignment transactions of total book value of loan assets amounting to ₹ 89,581.21 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 Scheme 2007")
2. IIFL Finance Employee Stock Option Plan 2008 ("ESOS Scheme 2008")
3. IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme ("ESOS Scheme 2020")

Further, no stock options were granted to the employees during the year under the ESOS Scheme 2007 and ESOS 2020 Merger Scheme. The Company granted 50,000 Stock Options to eligible employee during the year under ESOS Scheme 2008.

During the year under review 27,315 stock options granted under ESOS Scheme 2008 got lapsed and the same have been added back to the pool, which can be used for further grant and 34,58,788 stock options granted under ESOS 2020 Merger Scheme got lapsed and the same are not available for further grant.

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 and 37 to the standalone financial statement).

12. SUBSIDIARY COMPANIES

The Company is having following 2 (Two) subsidiaries and, does not have any Associate / Joint Venture:

Sr. No	Particulars
1	IIFL Home Finance Limited
2	Samasta Microfinance Limited

During the year under review, Clara Developers Private Limited, ceased to be the wholly-owned subsidiary of the Company with effect from July 27, 2020 due to sale of Clara Developers Private Limited.

As per the provisions of Section 129, 134 and 136 of the Companies Act, 2013 read with applicable

DIRECTORS' REPORT (Contd.)

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 06, 2021 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 2020-21. 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 statement including the accounts of its subsidiaries which forms part of this Annual Report is 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.

Pursuant to Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, IIFL Home Finance Limited and Samasta Microfinance Limited were the Material Subsidiaries of the Company for the financial year 2020-21 and shall be the Material Subsidiaries for the financial year 2021-22. In line with the provisions of Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Arun Kumar Purwar, Independent Director on the Board of the Company is also an Independent Director of IIFL Home Finance Limited. 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 25.40% as on March 31, 2021, comprising Tier I capital ratio of 17.51% against the ratio of 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 in 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 the 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 the 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.

DIRECTORS' REPORT (Contd.)

17. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Members of the Company's Board of Directors are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment to the Company and devote adequate time to meetings and preparation. In terms of requirement of Listing Regulations, 2015, the Board has identified core skills, expertise and competencies of the Directors in the context of the Company's business for effective functioning, which are detailed in the Corporate Governance Report. The Board meets at regular intervals to discuss and decide on Company / business policy and strategy, apart from other Board business. The Board exhibits strong operational oversight with regular business presentations of meetings. The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

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 is Non-Executive Director and Mr. Nagarajan Srinivasan is 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 has the required integrity, expertise and experience (including the proficiency).

b. Key Managerial Personnel

Mr. Nirmal Jain – Chairman and Whole Time Director, Mr. R. Venkataraman – Managing Director, Mr. Rajesh Rajak – Chief Financial Officer and Ms. Sneha Patwardhan - Company Secretary are the Key Managerial Personnel as per the provisions of the Act and Rules made thereunder.

c. Appointment and Cessation of Directors and Key Managerial Personnel

In accordance with Section 152 of the Act read with Article 157 of the Articles of Association of the Company, Mr. R. Venkataraman 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.

During the year Mr. Sumit Bali ceased to be the Chief Executive Officer of the Company w.e.f. June 30, 2020.

During the year, Mr. Gajendra Thakur ceased to be the Company Secretary of the Company w.e.f. July 31, 2020 and Mr. Jayesh Sharma was appointed as Company Secretary of the Company w.e.f. August 01, 2020 in place of Mr. Gajendra Thakur. Thereafter, Mr. Jayesh Sharma ceased to be the Company Secretary of the Company w.e.f. November 03, 2020 and Ms. Sneha Patwardhan was appointed as the Company Secretary of the Company w.e.f. November 03, 2020.

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 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

DIRECTORS' REPORT (Contd.)

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 and Remuneration Committee framed a Nomination and Remuneration policy in compliance with the aforesaid provisions for selection and appointment of Directors, Key Managerial Personnel, 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 Committee (CSR Committee)

The CSR Committee comprises Mr. Nirmal Jain, Chairman, 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. Vijay Kumar Chopra, Independent 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 Regulation 20 of 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. R. Venkataraman, Managing Director, Mr. Nilesh Vikamsey, Independent Director, Ms. Geeta Mathur, Independent Director, Mr. Nagarajan Srinivasan, Non-Executive Director and Mr. Sanjeev Srivastava, 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. Rajesh Rajak, Chief Financial Officer, Mr. Sanjeev Srivastava, Chief Risk Officer and Mr. Govind Modani, V.P. Treasury.

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.

DIRECTORS' REPORT (Contd.)

IT Strategy Committee

The IT Strategy Committee comprises Mr. Nilesh Vikamsey, Chairman, Ms. Geeta Mathur, Member, Mr. Aditya Sisodia, Member, Mr. Raghunathan Balaji, Member, Mr. Sanjeev Srivastava, Member, Mr. Sanjay Tiwari, Member and Mr. Shankar Ramrakhiani, 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, Group Credit 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 24, 2021 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.

DIRECTORS' REPORT (Contd.)

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.

The Independent Directors of your Company have registered on the Independent Directors' Databank as per the requirements of Section 149 of the Companies Act, 2013 and the applicable rules thereto.

- **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 appraise 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.

DIRECTORS' REPORT (Contd.)

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 shareholder's approval on Material Related Party Transaction in the previous Annual General Meeting.

During the year, the Company has entered into 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. The Company has not entered into any transaction requiring disclosure in Form AOC-2, hence the same is not provided.

Considering the Company is being NBFC and its 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

As required under Section 92(3) of the Act and the Rules made thereunder and amended from time to time, the Annual Return of the Company in prescribed Form MGT-7 is 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 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 – III"** 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.

DIRECTORS' REPORT (Contd.)

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 the Company as on March 31, 2021.

Rating Agency	Product	Rating As on March 31, 2021	Rating As on March 31, 2020
CARE	Non-Convertible Debenture	CARE AA Negative	CARE AA Stable
	Long Term Bank Facilities	CARE AA Negative	CARE AA Stable
	Preference Shares	NA	CARE AA(RPS) Stable
	Subordinate Debt	CARE AA Negative	CARE AA Stable
ICRA Limited	Non-Convertible Debentures Programme	[ICRA]AA (Negative)	[ICRA]AA (Negative)
	Commercial Paper programme	[ICRA]A1+	[ICRA]A1+
	Subordinate Debt Programme	[ICRA]AA (Negative)	[ICRA]AA (Negative)
	Long Term Bank Lines	[ICRA]AA (Negative)	[ICRA]AA (Negative)
	Long Term Principle Protected Equity Linked Debenture Programme	PP-MLD[ICRA]AA (Negative)	PP-MLD[ICRA] AA (Negative)
	Long Term Principle Protected Market Linked Debenture Programme	PP-MLD[ICRA]AA (Negative)	PP-MLD[ICRA] AA (Negative)
	Commercial Paper programme (IPO financing)	[ICRA]A1+	[ICRA]A1+
	Long term Debt programme	NA	[ICRA]AA (Negative)
	Secured NCD Programme	NA	[ICRA]AA (Negative)
	Un-secured NCD Programme	NA	[ICRA]AA (Negative)
CRISIL Limited	Non-Convertible Debentures	CRISIL AA/Stable	CRISIL AA/Stable
	Subordinate Debt	CRISIL AA/Stable	CRISIL AA/Stable
	Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAr/Stable	CRISIL PP-MLD AAr/Stable
	Commercial Paper programme (IPO financing)	CRISIL A1+	CRISIL A1+
	Commercial Paper	CRISIL A1+	CRISIL A1+
	Total Bank Loan Facilities Rated (Long Term Rating)	CRISIL AA/Stable	CRISIL AA/Stable
Brickwork Ratings	NCDs (Public Issue)	BWR AA+ Negative	BWR AA+ Negative
	Non-Convertible Debentures	BWR AA+ Negative	
	Secured Non-Convertible Debentures	BWR AA+ Negative	BWR AA+ Negative
	Unsecured Subordinated Non-Convertible Debentures	BWR AA+ Negative	BWR AA+ Negative
Moody's	Corporate family rating (CFR)	B2 / Stable	Ba3 / Stable
	Long-term foreign- and local-currency senior secured ratings to USD 1 billion Medium Term Note (MTN) program.	B2 / Stable	Ba3 / Stable

DIRECTORS' REPORT (Contd.)

Rating Agency	Product	Rating As on March 31, 2021	Rating As on March 31, 2020
Fitch	Senior secured notes issued under USD 1 billion Medium Term Note (MTN) Programme	B+ / Stable	B+ / Negative Watch
	Senior secured notes issued under USD 400 million bond	B+ / Stable	
	Long-Term Issuer Default Rating (IDR)	NA	B+ / Negative Watch

- During the year, CARE has reaffirmed the rating i.e. CARE AA however outlook has been revised from Stable to Negative.
- During the year, Fitch has affirmed the rating i.e. B+ however outlook has been revised from Negative to Stable.
- During the year, Moody's has changed its rating from Ba3 to B2.

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 Company also provides for mandatory online training on Prevention of Sexual Harassment for every new joinee, as well as, all employees on an annual basis.

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 – IV"** 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

Upon resignation of erstwhile Statutory Auditors M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm's Registration Number 117366W/W-100018) on June 07, 2020, M/s V Sankar Aiyar & Co, Chartered Accountants (Firm Registration Number 109208W) were appointed as the Statutory Auditors of the Company by the Members at the 25th Annual General Meeting ("AGM") of the Company held on June 30, 2020 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.

The firm 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.

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

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 2020-21. The Auditor had conducted the audit and their report

DIRECTORS' REPORT (Contd.)

thereon was placed before the Board. The report of the Secretarial Auditor is annexed herewith as **"Annexure – II"** 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.

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 there 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 2020-21:

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.

DIRECTORS' REPORT (Contd.)

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. There is no change in nature of business of the Company during the year.
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-compliance@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: May 06, 2021
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 Policy) Rules, 2014]

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 – FIT, which stands for:

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

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

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

- Literacy initiative for Females
- Scholarships for Girl Child
- Support to Educational Research Programs
- Fight against outbreak of COVID-19 pandemic
- Promoting Digital learning Tools

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

2. COMPOSITION OF CSR COMMITTEE

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

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Nirmal Jain	Chairperson (Whole Time Director)	1	1
2	Mr. R Venkataraman	Member (Managing Director)	1	1
3	Mr. Nilesh Vikamsey	Member (Independent Director)	1	1

3. WEB LINK FOR DETAILS ON COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD

Further details on "Composition of CSR Committee, CSR Policy and CSR Projects" can be found over our website:

https://www.iifl.com/investor-relations/corporate-governance

4. IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

Not applicable.

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

5. AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR

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

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5)

The average net profit of IIFL Finance Limited of the last three financial years was calculated to be ₹ 2,35,12,94,884/-

7. CSR OBLIGATION

Sr. No.	Particulars	Amount (in ₹)
a.	2 % of average net profit of the Company as per section 135(5)	4,71,00,000/-
b.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
c.	Amount required to be set off for the financial year, if any	NIL
d.	**Total CSR obligation for the financial year (7a+7b-7c)**	**4,71,00,000/-**

8. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

During the financial year 2020-21, IIFL Finance Limited, spent a total of ₹ 4,71,00,000/- on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below.

a) CSR Amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
4,71,00,000/-	NIL	NIL	NIL	NIL	NIL

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account	Mode of Implementation-Direct (Yes/No).	Mode of Implementation – Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Sakhiyon ki Badi	Promoting Education	No	Rajasthan	Udaipur, Pratapgarh, Bhilwara, Jodhpur	Ongoing	92,44,105/-	92,44,105/-	NIL	No	IIFL Foundation	CSR00002470
	TOTAL							92,44,105/-				

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	
Sr. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account	Mode of Implementation- Direct (Yes/No).	Mode of Implementation – Through Implementing Agency	
				State.	District.				Name	CSR Registration number.
1.	Rathshaala	Promoting Education	No	Rajasthan	Sirohi	2,11,798/-	NIL	No	IIFL Foundation	CSR00002470
2.	IIFL Scholarship	Promoting Education	No	PAN India	-	34,10,488/-	NIL	No	IIFL Foundation	CSR00002470
3.	Pratham Education Foundation	Promoting Education	No	India	-	1,00,00,000/-	NIL	No	IIFL Foundation	CSR00002470
4.	Redevelopment of School	Promoting Education	No	Gujarat	Jamnagar	13,50,000/-	NIL	No	IIFL Foundation	CSR00002470
5.	International Foundation for Research and Education	Promoting Education	No	India	-	1,04,65,869/-	NIL	No	IIFL Foundation	CSR00002470
6.	Fighting Covid-19	Health	Yes	Maharashtra	Mumbai	37,50,000/-	NIL	No	IIFL Foundation	CSR00002470
			No	Kashmir	Srinagar					
7.	Digital Learning Tools	Promoting Education	No	Rajasthan	Udaipur	86,67,740/-	NIL	No	IIFL Foundation	CSR00002470
	TOTAL					**3,78,55,895/-**				

d) **Amount spent in Administrative Overheads:** The amount has been well within the prescribed limits of 5% or below.

e) **Amount Spent on Impact Assessment:** Not Applicable.

f) **Total amount spent for the Financial Year:** 4,71,00,000/-

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

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

Sr. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2019-20	NIL	74,82,125/-	-	-	-	-
2.	2018-19	NIL	1,14,00,000/-	-	-	-	-
3.	2017-18	NIL	71,80,329/-	-	-	-	-
	TOTAL		**2,60,62,454/-**				

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
1.	IIFL-CSR-SKB01	Sakhiyon ki Baadi	2016-17	10	92,44,105/-	92,44,105/-	2,04,57,808/-	Ongoing
	TOTAL	-	-	-	**92,44,105/-**	**92,44,105/-**	**2,04,57,808/-**	-

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

Brief Description of Key Projects:

i. Girl Child illiteracy eradication program:

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

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

ii. IIFL Scholarship for Girls:

IIFL Foundation launched a scholarship to be awarded to Girls pursuing academic education in 9th grade and upwards till Graduation.

The project is planned to support education of 1,000 girls in the state of Bihar, West Bengal, Odisha, Karnataka, Tamil Nadu, Rajasthan and Maharashtra. A set of selected students studying in 9th and 10th Grade will be awarded a scholarship of ₹ 3,500/- each, while those studying in 11th grade all the way till Graduation shall receive a scholarship amounting to ₹ 5,000/- each.

iii. Pratham Education Foundation:

IIFL Foundation supported Pratham Education Foundation, through a financial grant to support the extensive research and development work in the sphere of Education, across India.

iv. International Foundation for Education and Research:

Extended financial support to the esteemed Ashoka University towards its research and fellowship programs.

v. 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 its support to efforts of covid warriors by donating to Hospitals in Mumbai to make provisions for safety equipment for on-duty health workers.

vi. Digital Learning Tools:

Introduction of a Digital Learning system viz. A Television unit, loaded with Audio-visual learning material, at Maa Bari centers (Rajasthan). The system allows the teacher to take help of AV material to make learning more interactive, interesting and engaging. A total of 30 Maa Bari centres, in Sarada block Udaipur and Bali Block of Sirohi have been equipped with these learning sets.

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

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

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

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

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

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PERCENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5)

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

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

Nirmal Jain	**R. Venkataraman**
Chairman	Managing Director
(DIN: 00010535)	(DIN: 00011919)

Date: May 06, 2021
Place: Mumbai

ANNEXURE – II TO DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To
The Members,
IIFL 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, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We 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, minutes books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st March, 2021 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;

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

(vi) 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.

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

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. v and vi (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 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 there was a marginal delay of one working day since the Company considered Saturday while making intimation under regulation 50(3) of SEBI LODR Regulations for holding of a Meeting wherein the agenda for issue of Non-Convertible Debenture was considered.

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 constitution of the Board has not changed during the year under review.

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.

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

Name: Nilesh Shah
For Nilesh Shah & Associates
Company Secretaries

Date:- May 06, 2021 FCS: 4554
Place:- Mumbai C.P.: 2631
UDIN: F004554C000251636 Peer Review No. 698/2020

'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
Peer Review No. 698/2020

Date:- May 06, 2021
Place:- Mumbai
UDIN: F004554C000251636

ANNEXURE – III 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 Section 134(3) (m) of the Companies Act, 2013.

CONSERVATION OF ENERGY:

The Company is engaged in providing 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;
- Introduction of Tablets in branches;
- Installation of Light Emitting Diode (LED) lights for new branches;
- Reducing electricity demand wherever under-utilised;
- Creating environmental awareness by way of distributing the information in electronic / digital form;
- Minimizing air-conditioning usage;
- Shutting off all lights, when not in use; and
- Education and awareness programs for employees.

The Management frequently puts circulars on the corporate intranet, Workplace, for its employees, educating them on ways and means to conserve 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.

The Company 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:

- Robust Business Continuity Framework & Implementation of Secure remote access solution has enabled large chunk of employees to safely work from home with no impact to business operations. Technology teams worked round the clock to ensure systems and Business Applications are working 24/7.
- Organisation have strengthened its Information and Cyber Security posture and other risk measures to mitigate potential threats, risks and challenges during this transition to the new way of working.
- The Company successfully completed the ISO 27001:2013 annual recertification in January 2021.
- The Organisation complied with various norms of regulatory bodies such as RBI and other applicable regulatory requirements for Information Technology, Business Continuity & Cyber Security requirements.
- Skill development for staff has also been a focus area and various e-learning modules on Technology and other Business areas are enabled for employees via online training and mobile applications thus ensuring that the learning curve is improved during this period.
- 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.

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.

ANNEXURE – III TO DIRECTORS' REPORT (Contd.)

FOREIGN EXCHANGE EARNINGS / OUTGO OF THE STANDALONE COMPANY:

a) The foreign exchange earnings: Nil

b) The foreign exchange expenditure: ₹ 2,018.46 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, 2021	March 31, 2020
Capital	**Nil**	Nil
Revenue	**Nil**	Nil

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

Nirmal Jain
Chairman
(DIN: 00010535)

Date: May 06, 2021
Place: Mumbai

ANNEXURE – IV 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	295.62x
		*Managing Director – Mr. R Venkataraman	Nil
		Non Executive Director**	
		Mr. Nilesh Vikamsey	Nil
		Ms. Geeta Mathur	Nil
		Mr. Arun Kumar Purwar	Nil
		Mr. Chandran Ratnaswami	Nil
		Mr. Vijay Kumar Chopra	Nil
		Mr. Nagarajan Srinivasan	Nil
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	Executive Chairman	Nil
		Managing Director	Nil
		CFO	Nil
		CS***	Nil
		CEO****	Nil
		Non Executive Director	
		Mr. Nilesh Vikamsey	Nil
		Ms. Geeta Mathur	Nil
		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 7%. 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 11,200 employees on the rolls as on March 31, 2021.	
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 – IV TO DIRECTORS' REPORT (Contd.)

*Mr. R Venkataraman also appointed as the Managing Director of IIFL Securities Limited, another group Company and his entire Remuneration was paid by IIFL Securities Limited.

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

***During the year, Mr. Gajendra Thakur ceased to be the Company Secretary of the Company w.e.f. July 31, 2020 and Mr. Jayesh Sharma was appointed as Company Secretary of the Company w.e.f. August 01, 2020 in place of Mr. Gajendra Thakur. Thereafter, Mr. Jayesh Sharma ceased to be Company Secretary w.e.f. November 03, 2020 and Ms. Sneha Patwardhan was appointed as the Company Secretary of the Company w.e.f. November 03, 2020.

**** During the year Mr. Sumit Bali ceased to be the Chief Executive Officer of the Company w.e.f. June 30, 2020

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

Nirmal Jain
Chairman
(Din: 00010535)

Date: May 06, 2021
Place: Mumbai

ANNEXURE – V 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, 2021 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 ("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 Directions"). 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 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.

As on March 31, 2021, the Board of the Company consisted of eight directors. 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

(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.

CORPORATE GOVERNANCE REPORT (Contd.)

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 22 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

CORPORATE GOVERNANCE REPORT (Contd.)

- **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
	Sheela Foam Limited	Independent Director

- **MR. NILESH VIKAMSEY** (Independent Director)

  Mr. Nilesh Vikamsey is a Senior Partner at Khimji Kunverji & Co LLP, an 84-year-old Chartered Accountants firm which is member firm of HLB International, which is a network of independent professional accounting firms and business advisers. Mr. Vikamsey is the Ex-President of the Institute of Chartered Accountant of India (ICAI). He is on the Board of a number of listed and public companies as an Independent Director. Mr. Vikamsey is member of SEBI's Mutual Funds Advisory Committee MFAC & earlier was Chairman of its Qualified Audit Report Committee (QARC) and member of Corporate Governance Committee chaired by Uday Kotak, Primary Market Advisory Committee & Committee on Disclosures and Accounting Standards (SCODA), LLP Committee of Ministry of Corporate Affairs (MCA). He is currently a member of IAASB Reference Group for Audits of Less Complex Entities, and Risk Management Committee of Central Depository Services (India) Limited (CDSL). Mr. Vikamsey was in the Past, Chairman of Federal Bank Limited & IRDA Board member, Committee member of committees of MCA, CAG & IRDA. Mr. Vikamsey is Committee member of organisations like Indo American Chamber of Commerce, Bombay Chartered Accountants' Society (BCAS), The Chamber of Tax Consultants (CTC). He is Trustee in Sayagyi U Ba Khin Memorial Trust (Vipassana International Academy, Igatpuri) & few educational trusts in Mumbai. He is a Speaker / Chairman, at various seminars, meetings, lectures held by 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 Non-Independent Director
	Thomas Cook (India) Limited	Independent Director
	PNB Housing Finance Limited	Independent Director
	IIFL Wealth Management Limited	Independent Director
	Gati Limited	Independent Director

- **MR. ARUN KUMAR 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.

CORPORATE GOVERNANCE REPORT (Contd.)

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

- **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 $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

- **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 including 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.

  Mr. Nagarajan Srinivasan is not holding directorship in any other listed Company.

- **MS. GEETA MATHUR** (Independent Director) Ms. Geeta Mathur, a Chartered Accountant, specialises in the area of project, corporate and structured finance, treasury, investor relations and strategic planning. 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 where she developed diversified expertise across Corporate Finance, Treasury, M&A, Strategy, Supply Chain, Investor Relations, Restructuring, Accounts & Audit, Corporate Governance and General Administration. Besides finance, she is equipped with strong understanding and experience in operations and commercial contracts. She has developed, reorganised, streamlined and led large national teams. She transitioned from the Corporate sector to the development sector as CFO of Helpage India, where besides successful implementation of Oracle ERP and setting up processes for budgeting and MIS was consistently awarded by the Institute of Chartered Accountants and South Asian Federation of Accountants for best presented and transparency in accounts. She currently serves as an independent director in various large organisations across manufacturing and services such as Motherson Sumi Limited, Infoedge Limited and NIIT Limited. She also serves as a co-chair of the India chapter of Women Corporate Directors Foundation (WCD). WCD is a 501(c)(3) organisation, the only global

CORPORATE GOVERNANCE REPORT (Contd.)

membership organisation and community of women corporate directors. The WCD mission is to foster a powerful, trusted community of influential women corporate directors and increase the pipeline of qualified female board candidates.

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
	Onmobile Global Limited	Independent Director

Note: The above list of Directorship of all the Directors in other listed Companies is as on March 31, 2021.

(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: May 28, 2020, June 05, 2020 which was further adjourned to June 07, 2020, June 19, 2020, July 21, 2020, November 03, 2020, December 18, 2020, January 29, 2021 and March 15, 2021.

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, 2021:

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[2]	Chairman
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. Nilesh Vikamsey (DIN: 00031213)	11/02/2005	Independent Director	8	Yes	9	9	3
Mr. Arun Kumar Purwar (DIN: 00026383)	10/03/2008	Independent Director	8	Yes	6	3	2
Mr. Chandran Ratnaswami (DIN: 00109215)	15/05/2012	Non-Executive Director	7	No	7	3	0
Ms. Geeta Mathur (DIN: 02139552)	18/09/2014	Independent Director	8	Yes	10	10	5
Mr. Vijay Kumar Chopra (DIN: 02103940)	21/05/2019	Independent Director	8	Yes	5	5	4
Mr. Nagarajan Srinivasan (DIN: 01480303)	21/05/2019	Non- Executive Director	8	Yes	1	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. The membership count also includes the count in which the director is Chairman.
3. No recommendation of any Committee which is mandatorily required to have Board approval in 2020-21 was rejected / not accepted by the Board.

CORPORATE GOVERNANCE REPORT (Contd.)

(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 analyse 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 analyse 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 to 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 seperate meeting of Independent Directors of the Company was held on March 24, 2021, 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

CORPORATE GOVERNANCE REPORT (Contd.)

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 travelling / residing abroad or at other locations to participate in the Board / Committee Meetings. In light of the unprecedented times faced by the companies due to COVID-19 Outbreak in India, the Ministry of Corporate Affairs ("MCA") has granted relaxation with regard to the requirement of physical presence of the Directors at the Board meeting and therefore all the Board meetings were held through Video Conferencing or other Audio Visual Means.
- 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.

CORPORATE GOVERNANCE REPORT (Contd.)

- 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;

CORPORATE GOVERNANCE REPORT (Contd.)

   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, debentureholders, 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 ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
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 nine (9) times on May 27, 2020, May 28, 2020, June 05, 2020 which was further adjourned to June 07, 2020, July 21, 2020, October 20, 2020, November 03, 2020, December 18, 2020, January 28, 2021 and January 29, 2021. The necessary quorum was present at the meetings. The gap between two Audit Committee Meetings was not more than 120 days.

CORPORATE GOVERNANCE REPORT (Contd.)

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, 2021 is given below:

Name of the members	Designation	Category	No. of committee meetings held	Committee meeting attended
Mr. Vijay Kumar Chopra	Chairman	Independent Director	9	9
Mr. Nilesh Vikamsey	Member	Independent Director	9	9
Ms. Geeta Mathur	Member	Independent Director	9	9
Mr. Nagarajan Srinivasan	Member	Non-Executive Director	9	7

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 June 30, 2020.

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 Four (4) times on May 27, 2020, June 19, 2020, July 21, 2020 and October 20, 2020. The necessary quorum was present at the meetings.

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, 2021 is given below:

Name of the members	Designation	Category	No. of committee meetings held	Committee meeting attended
Mr. Vijay Kumar Chopra	Chairman	Independent Director	4	4
Mr. Nilesh Vikamsey	Member	Independent Director	4	4
Mr. Arun Kumar Purwar	Member	Independent Director	4	4
Mr. Nagarajan Srinivasan	Member	Non-Executive Director	4	4

During the 2020-21, the Committee also approved matters relating to grant / allotment of stock option(s), through circular resolutions.

CORPORATE GOVERNANCE REPORT (Contd.)

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 June 30, 2020.

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.

CORPORATE GOVERNANCE REPORT (Contd.)

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 2020-21 and details of number of shares and convertible instruments held by Directors as on March 31, 2021 is as under:

Name of the Director	Designation	Salary and perquisite	Commission	Sitting Fees	Contribution to PF and other funds, Gratuity	Stock options	No. of equity shares held
Mr. Nirmal Jain	Chairman	8,21,43,200	-	-	(21,36,383)	-	4,77,19,154
Mr. R. Venkataraman*	Managing Director	-	-	-	-	-	1,09,84,432
Mr. Nilesh Vikamsey	Independent Director	-	-	15,55,000	-	-	1,65,000
Mr. Arun Kumar Purwar	Independent Director	-	-	8,75,000	-	-	95, 000
Ms. Geeta Mathur	Independent Director	-	-	14,05,000	-	-	-
Mr. Chandran Ratnaswami	Non-Executive Director	-	-	-	-	-	-
Mr. Vijay Kumar Chopra	Independent Director	-	-	15,10,000	-	-	-
Mr. Nagarajan Srinivasan	Non-Executive Director	-	-	-	-	-	-

*Remuneration of Mr. R. Venkataraman is being paid by IIFL Securities Limited, a group Company.

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.

CORPORATE GOVERNANCE REPORT (Contd.)

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

The Non-Executive Independent Directors are paid remuneration by way of sitting fees, commission and other expenses (travelling, boarding and lodging incurred for attending the Board/Committee meetings). The Non-Executive Non-Independent Directors are not paid any sitting fees.

With effect from October 01, 2020 the Company has paid sitting fees of ₹ 100,000 (Rupees One Lakh only) per meeting to Non – Executive Independent Directors for attending meetings of the Board and Audit Committee and ₹ 30,000 (Rupees Thirty Thousand only) per meeting for attending other Committee meetings plus reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. Except the Corporate Social Responsibility Committee meetings for which there is no sitting fees is payable.

Before October 01, 2020 the Company was paying sitting fees of ₹ 30,000 (Rupees Thirty Thousand only) per meeting to the Non-Executive Independent Directors for attending meetings of the Board and Audit Committee 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. Except the Corporate Social Responsibility Committee meetings for which there was no sitting fees payable.

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 two (2) Independent Director (Mr. Arun Kumar Purwar and Mr. Vijay Kumar Chopra) and one (1) Executive Director (Mr. R. Venkataraman). Mr. Arun Kumar Purwar is the Chairman of the Committee. Mr. Nimal Jain, whole time director ceased to be member of the Committee and Mr. V.K. Chopra, Independent Director appointed as member of the Committee with effect from May 06, 2021.

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

CORPORATE GOVERNANCE REPORT (Contd.)

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 2020-21, the Company received Eighteen (18) complaints from Equity shareholders and Non-Convertible Debenture holders (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
1	Investor complaints pending at the beginning of the year	2
2	Investor complaints received during the year	18
3	Investor complaints disposed off during the year	19
4	Investor complaints remaining unresolved at the end of the year	1*

*Closed on April 03, 2021.

No pledge has been created over the Equity Shares held by the promoters as on March 31, 2021 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 June 30, 2020.

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 27, 2020 and October 20, 2020 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[1]	Member	Executive Director	2	2
Mr. R. Venkataraman	Member	Executive Director	2	2
Mr. Vijay Kumar Chopra[2]	Member	Independent Director	NA	NA

[1]Ceased to be Member w.e.f. May 06, 2021.

[2]Appointed as Member w.e.f. May 06, 2021.

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

Name and designation:	Ms. Sneha Patwardhan, Company Secretary & Compliance Officer
Corporate Office Address:	802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400069.
Contacts:	Tel: +91 22 6788 1000 Fax: +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, 2021 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

CORPORATE GOVERNANCE REPORT (Contd.)

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 Managment Committee comprises of Mr. Arun Kumar Purwar, Chairman, Mr. Nilesh Vikamsey, Member, Mr. R. Venkataraman, Member, Mr. Nagarajan Srinivasan, Member, Ms. Geeta Mathur, Member, Mr. Sanjeev Srivastava, Member.

The constitution of the Risk Management Committee and details of attendance of each Member of the Committee at the Meeting of Committee held on May 27, 2020, June 05, 2020 and October 20, 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	1
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	3	2
Mr. Nagarajan Srinivasan[3]	Member	Non- Executive Director	3	2
Mr. R. Venkataraman[4]	Member	Executive Director	3	1
Mr. Sumit Bali[5]	Member	Chief Executive Officer	3	1
Mr. Anujeet Kudwa[6]	Member	Chief Strategy Officer	3	2
Mr. Sanjeev Srivastava[7]	Member	Chief Risk Officer	3	Nil

[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.

[4]Appointed as Member w.e.f. June 19, 2020.

[5]Appointed as Member w.e.f. May 28, 2020 and ceased to be Member w.e.f. June 19, 2020.

[6]Appointed as Member w.e.f. May 28, 2020 and ceased to be Member w.e.f. January 29, 2021.

[7]Appointed as Member w.e.f. November 03, 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;

CORPORATE GOVERNANCE REPORT (Contd.)

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. R. Venkataraman - Managing Director, is a Chairman of the Committee, Mr. Vijay Kumar Chopra - Independent Director, Mr. Rajesh Rajak - Chief Financial Officer, Mr. Sanjeev Srivastava – Chief Risk Officer and Mr. Govind Modani – Vice President – Treasury. 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, commercial vehicle & 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.

The constitution of the Asset Liability and Management Committee and details of attendance of each Member of the Committee at the Meeting of Committee held on May 27, 2020, July 21, 2020, October 20, 2020 and January 28, 2021 is given below:

Name of the members	Designation	Category	No. of committee meetings held	Committee meeting attended
Mr. Sumit Bali[1]	Chairman	Chief Executive Officer	4	1
Mr. Nirmal Jain[2]	Chairman	Executive Director	4	3
Mr. R. Venkataraman[3]	Chairman	Executive Director	4	4
Mr. Amarnath B S[4]	Member	Treasurer	4	1
Mr. Vijay Kumar Chopra	Member	Independent Director	4	4
Mr. Rajesh Rajak	Member	Chief Financial Officer	4	4
Mr. Bhawani Janwar[5]	Member	Financial Controller	4	4
Mr. Anujeet Kudwa[5]	Member	Chief Strategy Officer	4	4
Mr. Sanjeev Srivastava[6]	Member	Chief Risk Officer	4	1
Mr. Govind Modani[7]	Member	Vice President- Treasury	NA	NA

[1]Ceased to be Member and Chairman w.e.f. June 19, 2020.

[2]Appointed as Chairman w.e.f. June 19, 2020 and ceased to be Member and Chairman w.e.f. January 29, 2021.

[3]Appointed as Chairman w.e.f. January 29, 2021.

[4]Ceased to be Member w.e.f. June 19, 2020.

[5]Ceased to be Member w.e.f. January 29, 2021.

[6]Appointed as Member w.e.f. November 03, 2020.

[7]Appointed as Member w.e.f. January 29, 2021.

CORPORATE GOVERNANCE REPORT (Contd.)

g) IT STRATEGY COMMITTEE

The Company constituted IT Strategy Committee on March 12, 2020 effective date being March 30, 2020 in line with RBI Master Direction. The IT Strategy Committee comprises Mr. Nilesh Vikamsey, Chairman, Ms. Geeta Mathur, Member, Mr. Aditya Sisodia, Member, Mr. Raghunathan Balaji, Member, Mr. Sanjay Tiwari, Member, Mr. Sanjeev Srivastava, Member and Mr. Shankar Ramrakhiani, 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.

The constitution of the IT Strategy Committee and details of attendance of each Member of the Committee at the Meeting of Committee held on May 27, 2020, October 06, 2020 and February 23, 2021 is given below:

Name of the members	Designation	Category	No. of committee meetings held	Committee meeting attended
Mr. Nilesh Vikamsey	Chairman	Independent Director	3	3
Mr. Shiju Rawther[1]	Member	Executive Vice President - Technology	3	1
Mr. Aditya Sisodia	Member	Chief Information Officer (CIO)	3	3
Mr. Anujeet Kudva[2]	Member	Chief Strategy Officer	3	2
Mr. Sumit Bali[1]	Member	Chief Executive Officer	3	1
Mr. Raghunathan Balaji	Member	Chief Technology Officer (CTO)	3	3
Mr. Sanjaykumar Tiwari	Member	Head IT Infrastructure and Cyber Security	3	3
Mr. Sanjeev Srivastava[3]	Member	Chief Risk Officer	3	1
Ms. Geeta Mathur[3]	Member	Independent Director	3	1
Mr. Shankar Ramrahiani[4]	Member	Chief Information Security Officer (CISO)	NA	NA

[1]Ceased to be Member w.e.f. June 19, 2020.

[2]Ceased to be Member w.e.f. January 29, 2021.

[3]Appointed as Member w.e.f. November 03, 2020.

[4]Appointed as Member w.e.f. May 06, 2021.

CORPORATE GOVERNANCE REPORT (Contd.)

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
June 30, 2020	Through Video Conferencing	11:00 am	Yes. One (1) Special Resolution was 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.

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 has entered into material contract/ arrangement / transaction with related parties, which could be considered material in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 for the 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.

CORPORATE GOVERNANCE REPORT (Contd.)

(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 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 ₹ 11,72,835/- on March 17, 2021 being the unpaid and unclaimed dividend amount, pertaining to interim dividend declared in Financial Year 2013-14 to the IEPF. The Company has also transferred 2,654 shares on March 31, 2021 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.

CORPORATE GOVERNANCE REPORT (Contd.)

8. GENERAL SHAREHOLDERS' INFORMATION

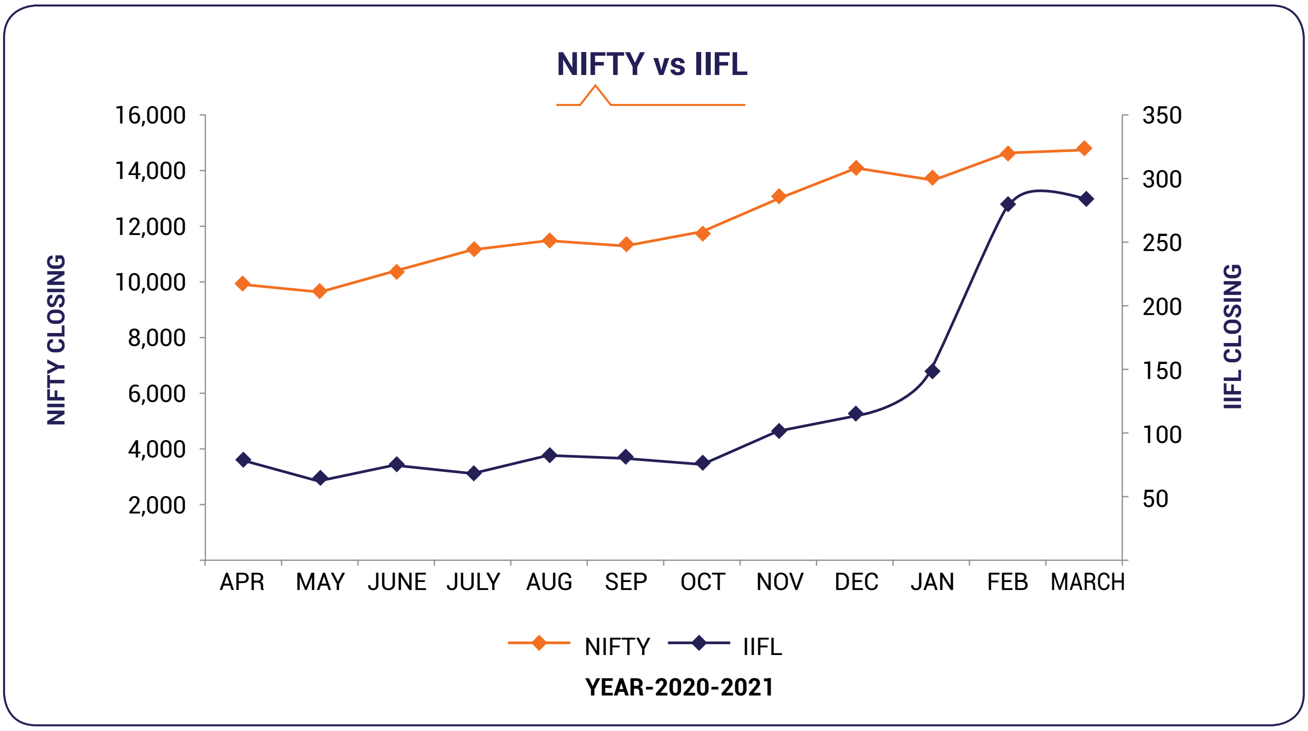
1.	**Annual General Meeting**	Wednesday, June 30, 2021 2:00 p.m. The Company is conducting meeting through Video Conferencing / Other Audio Visual Mode pursuant to the Ministry of Corporate Affairs ("MCA") Circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 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 (2021-22)**	April 01, 2021 to March 31, 2022 Results for the quarter ended June 30, 2021 – within 45 days from the end of the quarter Results for the quarter ended September 30, 2021 – within 45 days from the end of the quarter Results for the quarter ended December 31, 2021 – within 45 days from the end of the quarter Results for the quarter and year ended March 31, 2022 – within 60 days from the end of the quarter
3.	**Book closure date**	June 24, 2021 to June 30, 2021
4.	**Interim dividend**	During FY 2020-21, your Company had declared an interim dividend of ₹ 3.00/- per Equity Shares on January 29, 2021 and the payment was made on February 18, 2021.
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 3. **Singapore Exchange Securities Trading Limited (SGX-ST)** *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. 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.

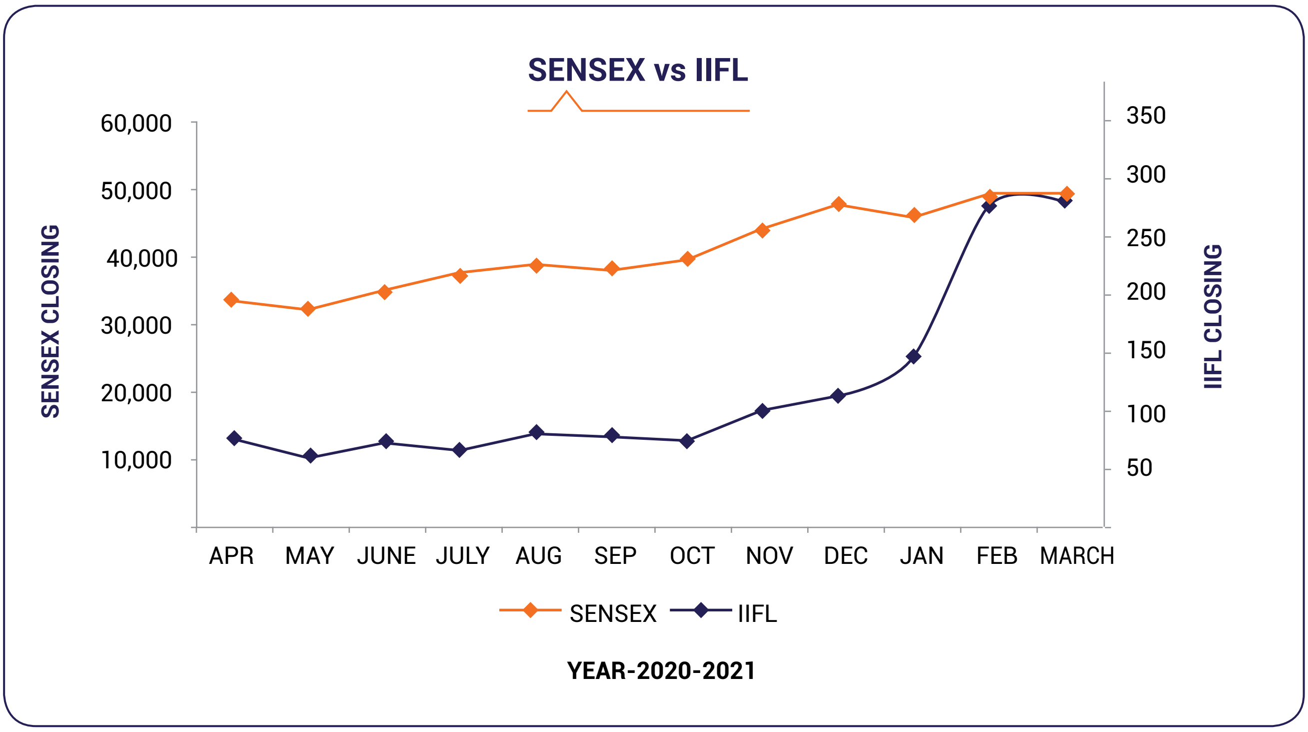
7. **Stock market data**

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, 2021.

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April, 2020	90.30	74.00	111,589	89.70	73.00	32,68,161
May, 2020	78.00	61.00	138,508	79.00	62.15	27,14,607
June, 2020	86.65	58.15	26,59,478	86.70	58.15	3,63,66,754
July, 2020	80.75	66.50	11,18,642	80.90	66.80	1,70,57,846
August, 2020	98.85	65.80	27,98,311	98.90	65.70	3,10,84,494
September, 2020	94.5	75.55	15,37,766	95.00	75.20	1,65,72,006
October, 2020	83.15	74.00	4,13,601	83.80	73.80	67,46,842
November, 2020	128.35	74.85	23,64,935	128.55	74.75	2,82,38,318
December, 2020	126.90	100.25	27,34,190	123.70	100.40	2,43,31,854
January, 2021	146.90	109.80	31,22,606	146.85	103.75	1,72,63,247
February, 2021	292.00	150.00	49,77,907	288.80	152.40	3,20,36,506
March, 2021	346.55	262.5	11,00,026	346.3	262.3	1,96,27,479

CORPORATE GOVERNANCE REPORT (Contd.)





CORPORATE GOVERNANCE REPORT (Contd.)

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: 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, 2021, 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**	Ms. Sneha Patwardhan , 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 47,64,758 stock options as on March 31, 2021 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.	**Credit Rating**	The list of credit ratings for all instruments has been provided in the Directors' Report.

9. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2021:

Category	Number of equity shares held	% of holding
Clearing Members	3,29,209	0.09
Other Bodies Corporate	24,25,858	0.64
Directors	2,60,000	0.07
Foreign Company	14,31,43,032	37.78
Financial Institutions	1,069	0.00
Hindu Undivided Family	4,86,048	0.13
Mutual Funds	58,796	0.01
Non Nationalised Banks	207	0.00
Foreign Nationals	1,51,000	0.04
Non Resident Indians	1,59,03,079	4.20
Non Resident (Non Repatriable)	1,04,47,457	2.76
Persons Acting In Concert	45,68,904	1.20
Public	2,87,73,441	7.60
Promoters	8,99,78,586	23.75

CORPORATE GOVERNANCE REPORT (Contd.)

Category	Number of equity shares held	% of holding
Trusts	75,000	0.02
Foreign Portfolio Investors (Individual)	79,388	0.02
Foreign Portfolio Investors (Corporate)	8,14,41,256	21.50
Alternate Investment Funds	6,72,613	0.18
NBFCs registered with RBI	1,200	0.00
Investor Education and Protection Fund	44,533	0.01
Grand Total	**37,88,40,676**	**100**

10. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021

The distribution of shareholders as on March 31, 2021 is as follows:

No. of equity shares held (range)	No. of shareholders	% of shareholders	No. of shares	% of share holdings
1 to 500	33,949	89.17	27,01,418	0.71
501 to 1000	1,810	4.75	14,17,539	0.37
1001 to 2000	980	2.58	14,51,266	0.38
2001 to 3000	359	0.94	9,03,243	0.24
3001 to 4000	182	0.48	6,49,907	0.17
4001 to 5000	125	0.33	5,79,268	0.15
5001 to 10000	254	0.67	18,77,505	0.50
10001 and more	412	1.08	36,92,60,530	97.48
Total	**38,071**	**100**	**37,88,40,676**	**100**

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

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.

12. SUBSIDIARY COMPANIES

For financial year 2020-21 your Company had two Material Subsidiaries i.e. IIFL Home Finance Limited and Samasta Microfinance Limited.

During the year under review, Clara Developers Private Limited, ceased to be the subsidiary of the Company with effect from July 27, 2020 due to sale of Clara Developers Private Limited.

For financial year 2021-22, your Company has two material subsidiary 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 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.

The following Complaints were reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for financial year 2020-21:

CORPORATE GOVERNANCE REPORT (Contd.)

a) Number of complaints received in the year : 4

b) Number of complaints disposed off during the year : 4

c) Number of cases pending as on end of the year: 0

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	7.52
Certification / other services*	2.60
Out of Pocket Expenses	0.77
Total	**10.89**

*During the year the Group has paid ₹ 2.30 million to the auditors towards certification required under its Public Issue of Non-Convertible Debentures, the same has been amortised over the tenure of the borrowings.

16. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Practicing Company Secretary 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, 2021 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.

17. CERTIFICATE ON CORPORATE GOVERNANCE

The certificate received from the Secretarial Auditors of the Company, M/s. Nilesh Shah & Associates, Practicing Company Secretary 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)

Place: Mumbai
Date: May 06, 2021

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 and 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, 2021** 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:

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 : May 06, 2021
Place : Mumbai
UDIN : F004554C000251669

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, 2021 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.

Nirmal Jain
Chairman
DIN: 00010535

R. Venkataraman
Managing Director
DIN: 00011919

Rajesh Rajak
Chief Financial Officer

Place: Mumbai
Date: May 06, 2021

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, 2021, 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)

Nirmal Jain
Chairman
DIN: 00010535

Place: Mumbai
Date: May 06, 2021

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, 2021, 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 Obligations 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: May 06, 2021
UDIN: F004554C000251702

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 Park, Thane, Maharashtra - 400604
4.	**Website**	www.iifl.com
5.	**E-mail id**	shareholders@iifl.com
6.	**Financial Year Reported**	April 01, 2020 - March 31, 2021
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 2,563 branches as on March 31, 2021.
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)**	₹ 757.68/- million
2.	**Total turnover (INR)**	Consolidated: ₹ 59,893.95 million Standalone: ₹ 34,362.05 million
3.	**Total profit after taxes (INR)**	Consolidated: ₹ 7,608.10 million Standalone: ₹ 3,425.77 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 2 subsidiaries viz. IIFL Home Finance Limited and Samasta Microfinance Limited.

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 for 2020-21 through India Infoline Foundation a Section 8 Company incorporated under Companies Act 2013, set up by IIFL Group which acts as a principal arm to undertake CSR initiatives on behalf of the Company and its subsidiary.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 6788 1000
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.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 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. https://www.iifl.com/about-us/iifl-foundation

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. https://www.iifl.com/about-us/iifl-foundation

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

BUSINESS RESPONSIBILITY REPORT (Contd.)

(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**

The Report is reviewed annually by the Board of Directors.

(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 F.Y. 2020-21. 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. 2020-21 was Eighteen (18) out of which one complaint was pending as on March 31, 2021 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 Loan**

In the home loan 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

BUSINESS RESPONSIBILITY REPORT (Contd.)

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. We have provided over 1,18,000 loans to first time home buyers and 61% of the total loans are given to female owners / co – owners. 53 % loans have been given in Non – Metro Cities and over 38,500 loans have been given to informal sector. We have provided over ₹ 1,026 Cr. subsidy till date to over 43,000 families through CLSS subsidy scheme under the Pradhan Mantri Awas Yojana (PMAY) scheme.

(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. Out of the total loans provided 65% of the loans are of less than ₹ 50,000 value

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 equipments 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.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 20,039 employees (including contractual employees) as on March 31, 2021.

2. **Please indicate the Total number of employees hired on temporary / contractual / casual basis.**

   IIFL and its subsidiaries had 89 employees as on March 31, 2021 on temporary / contractual / casual basis.

3. **Please indicate the Number of permanent women employees**

   IIFL and its subsidiaries had 3,496 permanent women employees as on March 31, 2021.

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.**

   Four (4) cases of sexual harassment were reported in IIFL and Nil cases in its subsidiaries during the financial year 2020-2021 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 - 71%

   (b) Permanent Women Employees - 92%

   (c) Casual / Temporary / Contractual Employees - 57%

   (d) Employees with Disabilities - NA

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.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 – MoneyVersity, 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.**

   The Company under its CSR Policy and through India Infoline foundation undertakes following activities - Literacy centres for out of school girls in the tribal hamlets of Rajasthan, Redevelopment of Maa Bari centres (Rajasthan), Scholarship for girls to pursue Higher Education, Creche & learning centre for children of migrant construction workers (Greater Noida), Online Training Sessions for women on Digital Literacy and English training (Basic & Advance) and livelihood generation (Rajasthan), support to Govt. Schools for development of infrastructure & digital learning platform, Livestock Development Program (Rajasthan, Tamil Nadu & Karnataka), Medical camps for economically weaker section in UP and Maharashtra. IIFL Foundation also contributed to PM Cares & extended help to hospitals & Non-Governmental organisations to fight against Covid-19 crisis in India, distribution of Oxygen Concentrators for patients detected covid-19 positive (Kashmir).

   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 % 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.**

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 ASSOCHAM, CII, FICCI, Microfinance Institutions Network (MFIN), Association of Karnataka Microfinance Institutions (AKMI), 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 support Govt. to promote literacy among children native to Scheduled Tribes, by redevelopment of Maa Bari centre and introduction of Digital Learning Tools. The program works on Skill development of women from rural areas, through online training sessions covering Digital Literacy and English Training. The program also facilitates employment to over 1000+ women. The Company has also extended by donation to fight against the COVID-19 crisis, with contributions made to PM Cares, FICCI Socio Economic Development Foundation, Andhra Pradesh Policemen Welfare Relief Fund, Mumbai Police Foundation and Kashmir Athrout.

2. **Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**

   Both – directly as well as in association with a local partner.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 ₹ 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, 2021, the numbers of pending complaints are negligible i.e. less than 3% of the total 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 the Company 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: May 06, 2021
Place: Mumbai

MANAGEMENT DISCUSSION & ANALYSIS

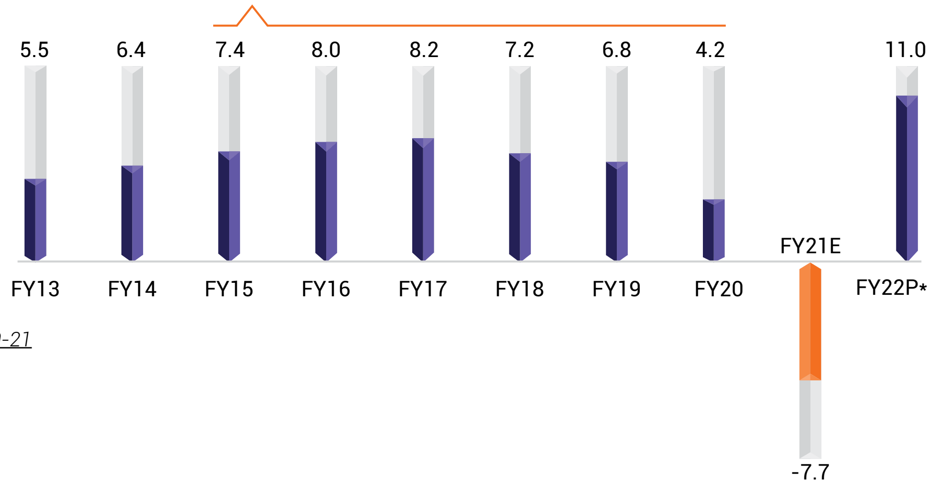
INDIAN ECONOMY OVERVIEW

2020 was a year that defined 'what was' and 'what will be'. It was a year that segregated the resilient from the vulnerable. Indian economy has been exhibiting a weaker trend even before the onset of the COVID-19 Pandemic. Right from the country's phased lockdown and slump in business activities to the gradual recovery and the ongoing vaccination drive globally, it's been nothing short of a roller coaster ride. The year unfolded quite dramatically as it brought along both unprecedented crisis and uncharted opportunities for the economy. The Reserve Bank of India's (RBI) prompt response during the crisis helped avert a financial collapse. It implemented measures like slashing interest rates, announcing fiscal stimulus package and allowing loan moratorium, among others. Together, these measures helped stabilise the economy.

Indian economy experienced an upside motion during the last festive season. The positive momentum continued with the roll out of vaccines and revival of several infrastructure projects by the Government. This helped uplift morale while also boosting economic activities. Though uncertainty looms around on account of the second wave, vaccine rollout and control of daily new cases will be key monitorables. India went onto record an impressive 13% growth in FDI in 2020. This growth, on the back of rising sentiments towards India, was higher compared to other major economies. The Private Final Consumption Expenditure (PFCE), constituting more than 50% of the GDP, registered a decline by 2.4% in the December quarter. This decline however, an improvement from 26.3% in June quarter, was accompanied with a continued uptick in corporate profit (Source: CMIE).

The economy slowly graduated out of the contraction zone from a dip of 23.9% in June 2020 to a positive 0.4% in December 2020 (Source: MOSPI). The latest GDP numbers support the economy's narrative of a strong sequential recovery. However, the nature of the ongoing recovery and its ability to sustain after returning to pre-COVID-19 levels remain uncertain. The eight core sector industries' index has shown a positive momentum with minor dips in the short-term. The outlook for the future remains optimistic with recovery in business activities. Total loans sanctioned under the Emergency Credit Line Guarantee Scheme (ECLGS) stood at ₹ 2.10 trillion, out of which ₹ 1.69 trillion were distributed to 4.25 million borrowers till January 2021 (Source: Finance Ministry) This scheme allowed for an incremental 20% exposure for business borrowers that were no more than 30 days delinquent on repayment as of February 2020.

Indian Economic Growth Output (%)



Source: Econimic Survey 2020-21

P- projected*

OUTLOOK

The Indian economy is showing decisive and strong signs of recovery. These positive signals are underpinned by the confidence post the vaccine roll out, low interest rates, resurgence of consumer confidence and other investment-attracting measures. With strong prospects of robust growth gaining grounds in consumption and investment, along with a lower base effect, GDP is estimated to grow at 11.0% in FY22.

(Source: NCAER, IMF, Deloitte)

INDUSTRY STRUCTURE AND DEVELOPMENTS

NBFC

NBFCs have been playing a crucial role in changing the growth contours of the Indian economy since the last decade. They bring diversity and efficiency into financial intermediation. Their ability to reach out to the most remote and inaccessible areas, promoting financial inclusion, make them the game-changers of the Indian economy's financial sector. Their focus, right from the beginning, has been towards providing support and financial assistance

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

to the economy's underserved segments such as MSMEs, microfinance and other retail segments. Over the years, NBFCs have considerably evolved in terms of operations, heterogeneity, asset quality, profitability and regulatory architecture. With retail and small-ticket-sized lending as one of the prime focus areas of the sector, many NBFCs are seeing a record growth in loan disbursements in the second half of FY21.

Today, a rising number of NBFCs are seen adopting business and operational models powered by technologies, facilitating higher speed and convenience for customers. Digitalisation has been instrumental in reinventing traditional financial products while catering low-income, urban customers in the unorganised sectors. The NBFC's investments in new technologies and strategic partnerships with fintechs have allowed it to lower costs while increasing customer base significantly.

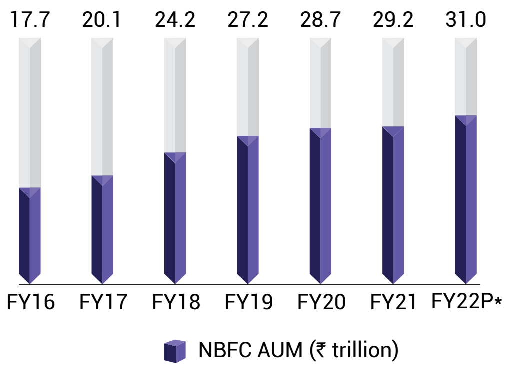
COVID-19 has driven organisations to recognise the value and role of new-age technologies. The pandemic has boosted the technological advancement in the NBFC sector as well. Paper-based credit appraisals and loan processing are things of the past. The modern-day NBFCs are leveraging on technology and artificial intelligence. All critical stages of loan disbursal right from onboarding, KYC, loan sanctioning to loan agreements and loan disbursements are now done digitally. Technologies like AI and Machine learning are helping NBFCs strengthen their credit appraisal processes and find the right customers in lesser time. By moving towards paperless loan sanctioning processes, the sector has taken a collective step towards sustainability.

The trust these institutions have earned through long-standing relationships with retail customer makes them a significant part of the economy's growth story. With proposed modifications in NBFC governance, along with changes suggested in the last budget, the Government has acknowledged the importance of NBFCs. This next decade will witness the rise in the importance of NBFCs with increased surveillance and control.

The Union Budget in February 2021 proposed to lower the threshold for NBFCs to initiate recovery proceedings under the SARFAESI Act, 2002. To improve credit discipline while continuing to protect the interest of small borrowers, the minimum loan size, eligible for debt recovery under the SARFAESI Act, was reduced from the earlier level of ₹ 5 million to ₹ 2 million. This reduction in minimum loan size was done for NBFCs with a minimum asset size of ₹ 1 billion with an intent to help lenders recover their dues faster (Source: Union Budget 2021-22).

The Indian NBFC (HFCs included) market grew to ₹ 28.7 trillion in FY20. The AUM is expected to grow to ₹ 29.2 trillion in FY21 – a growth of 2% – and to ₹ 31 trillion in FY22 – a growth of 6.2% (Source: CRISIL). The moderate short-term growth can be ascribed to various factors: lower need for credit due to limited economic activity, lockdowns resulting into low production, and overall risk averseness of the lending community. However, this growth is anticipated to be considerably affected in the wholesale segment owing to sharp decline in the real estate demand. NBFCs with granular portfolio and retail lending on the other hand, are likely to perform better. This improvement can be accredited to recuperating economic activities and fund requirements by MSMEs along with faster digital processing. At the beginning of lockdown and moratorium, when the collection levels plunged sharply, there was a clear discernment regarding non-banks' ability to meet their financial obligations. However, a gradual upturn in collections since June 2020 brought in some relief. Along with this, adequate support through the Government's liquidity measures, helping even the more vulnerable, small, and midsize lenders, ushered a ray of hope. These measures succored in raising funds and meet the near-term obligations of such lenders. Additionally, even though corporate market issuances have gone down, bank lending has supported the segment. NBFCs with resilient and strong business models or robust legacy are anticipated to rebound faster than others. Their relative stability is expected to enhance their sustenance for increasing their market share post pandemic.

NBFC AUM (₹ in trillion)



Source : RBI, NHB, MFin, CRISIL Research

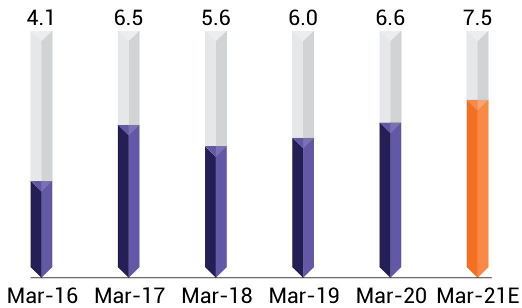
P- projected*

Asset quality was one of the prime reasons behind the focus shift of lenders from growth to consolidation during the initial phases of the lockdown. There was a continuous engagement of lenders with their customers to ascertain maximum recovery of loans. COVID-19 impacted NBFC segments differently. Segments that were already stressed like commercial vehicle loans and loans against property, felt the pinch. On the other

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

hand, secured loans, especially gold loan and home loan segments, performed relatively better. On the Non-Performing Asset (NPA) front, the Gross Non-Performing Asset (GNPA) ratio for the NBFC sector is anticipated to be at 7.5% in March 2021 from 6.6% in the same month last year. The Net Non-Performing Asset (NNPA) ratio in March 2020 remained stagnant around 3% as compared to the same month last year. The steep rise in the NPAs can be accredited to the pandemic and the resultant asset quality deterioration across segments.

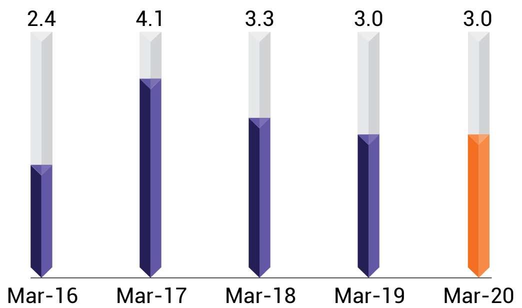
NBFC GNPA (%)



Source : RBI

E-Provisional estimates

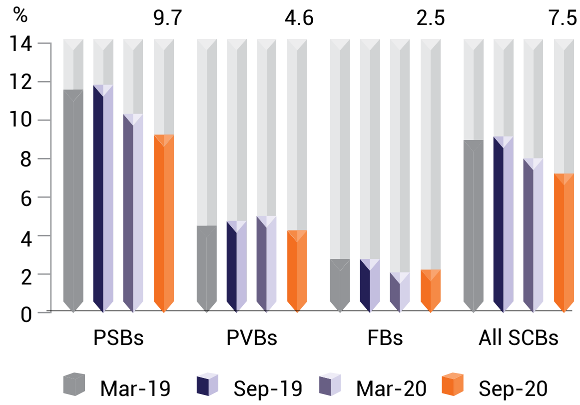
NBFC NNPA (%)



Source : RBI

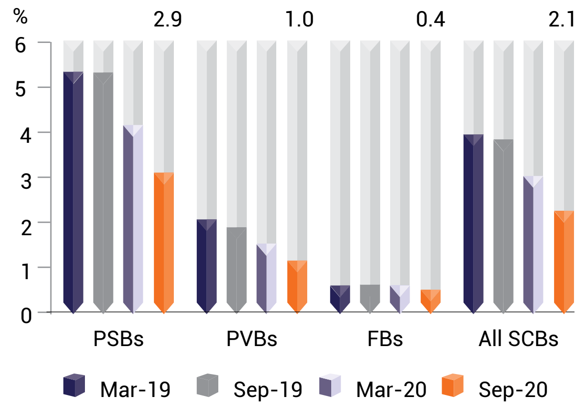
Similarly, when it came to Scheduled Commercial Banks (SCBs), the GNPA ratio stood at 7.5% in September 2020, plunging from 9.3% in September 2019. NNPA ratio declined further from 3.7% in September 2019 to 2.1% in September 2020. These numbers are after taking the moratorium announced by the Centre into account. According to the financial stability report published by the RBI, the GNPA forecast for March 2021 is expected to be around 13.5% in a baseline scenario and may rise up to 14.8% in a severe stress scenario. At the moment, it is difficult to predict the improvement in credit quality in the SCBs. However, going ahead, NBFCs are anticipated to benefit from the same in case of an improvement post the pandemic. SCBs are the main players in both asset sales and securitisation undertaken by NBFCs. An improvement in the asset quality of banks will increase their liquidity benefitting the NBFCs by higher cash flow without further leveraging their balance sheet (Source: RBI).

a. SCBs' GNPA ratios (%)



Source: RBI Financial Stability Report

b. SCBs' NNPA ratios (%)



Source: RBI Financial Stability Report

Apart from the wholesale segment, all other non-bank segments remained at ease with regards to liquidity and fundraising. As a matter of fact, the excess liquidity in the system is expected to bring down the borrowing cost by 50-60 bps in FY21 (Source: CRISIL).

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

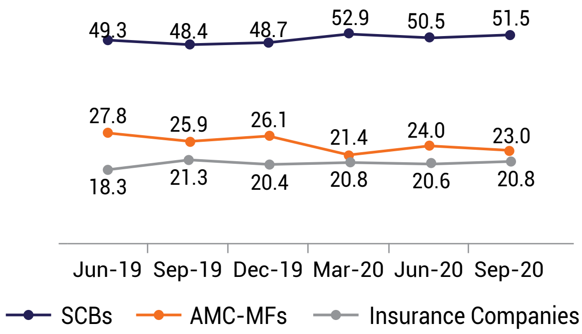
NBFCs with a robust business foundation and people proficiency could maintain healthy asset quality despite the turbulence. With the pandemic and the resultant crisis, the focus had shifted from growth to stability. Lenders are continuously connecting with their customers. In the absence of disbursements, even sales teams were involved in collection and borrower engagement. Additionally, the RBI's helping hand in the form of one-time restructuring scheme for all loans, provided the much-needed breather for all the segments. These initiatives are expected to further mitigate the risk of deterioration in asset quality. Collection efficiencies of NBFCs for products like Gold loans, vehicle loans, home loans and even micro finance have exhibited a strong recovery above their pre-COVID-19 levels, increasing month-on-month. NBFCs are also witnessing a shift from the higher days past due (DPD) segment to the lower DPD segment, resulting in a lower provisioning demand.

In August 2019, the RBI raised bank's exposure limit to a single NBFC. The limit was revised from 15% earlier to 20% of their Tier 1 capital. This step is directed towards encouraging bank lending to NBFCs and is expected to improve bank's exposure in NBFC's resource profile going ahead. Simultaneously, the priority sector lending (PSL) norms were also eased. In November 2020, RBI announced a 'Co-Lending Model' scheme, an upgrade over the previous co-lending guidelines to allow banks to fund NBFCs and ultimately improve the flow of credit to the unserved and underserved sector of the economy. This scheme will help in channelising funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and greater reach of the NBFCs. This will ensure that public sector banks lend further to NBFCs, thus improving liquidity.

Liquidity Updates

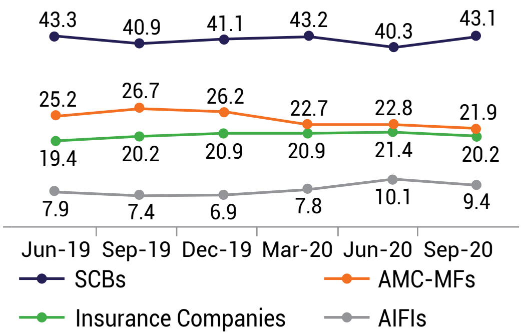
The NBFC sector has been facing liquidity constraints since 2018. This constraint was only further aggravated by the COVID-19 outbreak. The SCBs tightened their credit flows and policies leading to liquidity squeeze for NBFCs. This forced NBFCs to shift their focus on maximising loan recovery, asset-liability management and consolidation over AUM growth. Due to liquidity concerns and a reduction in the sectoral exposure cap in NBFC by SEBI from 25% to 20%, Mutual Funds (MFs) saw a decrease in NBFC exposure. As a result, the share of AMC/MFs in outstanding borrowings for NBFCs decreased from 27.8% in June 2019 to 23% in September 2020. For HFCs, it decreased from 25.2% in June 2019 to 21.9% in September 2020. Alternatively, NBFCs and HFCs have used term loans, securitisation, and assignment to obtain financing from banks.

Share of top 3 lender groups in NBFCs' gross payables (%)



Source: RBI Supervisory Returns and staff calculations.

Share of top 4 lender groups in HFCs' gross payables (%)



Source: RBI Supervisory Returns and staff calculations.

Government Initiatives

The RBI and Government announced several measures to provide liquidity support and mitigate the disruptions caused by the pandemic. These measures were aimed at easing liquidity and improving asset quality. Additionally, RBI in its Monetary Policy Committee meeting in April 2021, decided to retain its accommodative policy stance as long as necessary to sustain long term development.

Targeted Long-Term Repo Operations (TLTRO 2.0)

Deployed by the RBI towards channeling liquidity around ₹ 500 billion to small and mid-sized corporates. These corporates also included NBFCs and micro-finance institutions (MFIs) impacted by COVID-19 disruptions. The TLTRO scheme has been extended up to September 2021 by the RBI.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Policy Rates

RBI reduced the policy rates from 5.15% in February 2020 to the current 4% to further boost liquidity into the system. To further supplement its accommodative stance, RBI has kept the repo rate unchanged at 4% in the April 2021 Monetary Policy Committee meeting.

Special Liquidity Scheme

The Union Ministry of Finance announced in Budget 20-21 ₹ 300 billion Special Liquidity Scheme for non-banking, housing finance companies and Monetary Financial Institutions as a part of the Atmanirbhar Bharat package.

Partial Credit Guarantee Scheme Expansion

The ministry also expanded the partial credit guarantee scheme (PCGS) in May 2020. This was done with an aim to add greater flexibility to state-owned banks in purchasing bonds and commercial papers of non-banking financial companies (NBFCs). Under PCGS 2.0, the Centre provided 20% first loss sovereign guarantee to public sector banks, resulting in liquidity infusion of ₹ 450 billion into the system.

Other Liquidity Infusion Measures

In April 2020, the RBI provided ₹ 500 billion liquidity to All India Financial Institutions like NABARD, NHB & SIDBI. In April 2021, fresh lending support of ₹ 500 billion has been provided to NABARD, NHB & SIDBI. The Centre's move to uplift the MSMEs in India and substantially increase their contribution to the GDP by injecting liquidity through banks and NBFCs is expected to benefit the sector. Schemes like ₹ 3 trillion collateral free loan with 100% credit guarantee to MSMEs, ₹ 200 billion subordinate debt for stressed MSMEs and ₹ 500 billion equity infusion for MSMEs would collectively infuse and increase liquidity into the system.

Going Ahead

The prime area of focus for NBFCs will remain on collections and customer engagement. NBFCs are expected to pick up by 5-6% in business growth in FY22 on the back of pandemic's impact weaning and the economic engine beginning to roar early into the financial year (Source: CRISIL). Gold loans are expected to perform better than all other segments backed by the behavior of the asset class. NIMs are contemplated to be maintained at nearly the same level while credit costs are expected to revert to close to pre-COVID-19 levels. Ensuing this, NBFCs are expected to closely mirror recovery in FY22 – steering the economy's momentum towards growth and subsequent capital requirement. However, escalating second wave of COVID-19 infections in India present a downside risk to growth forecast and could dampen market and consumer sentiment.

Housing Finance

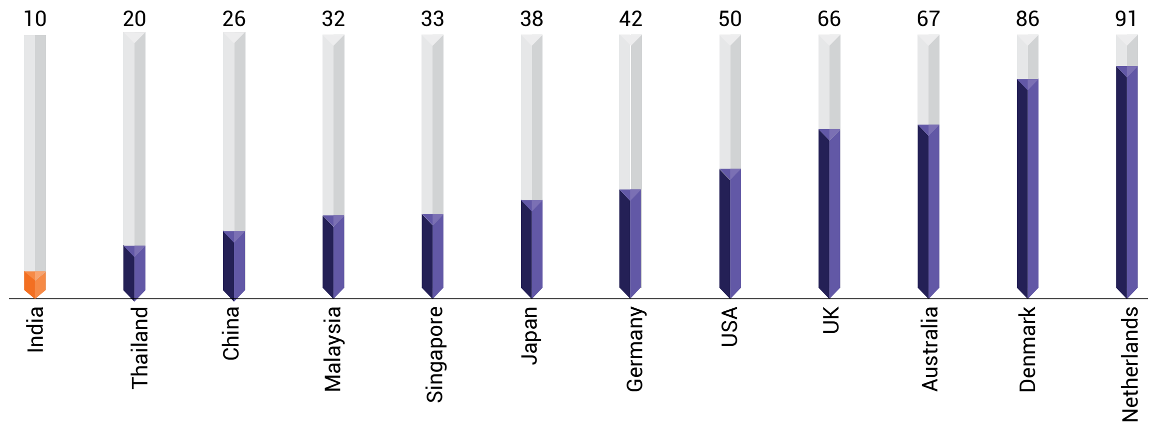
Housing, as a vital sector of development, plays a pivotal role for an economy's long-term sustainable growth. The Indian housing finance sector largely comprises financial institutions (FIs), SCBs and other banking institutions, housing finance companies (HFCs), NBFCs, and microfinance institutions (MFIs). Housing finance – one of the largest portfolios – is only second to infrastructure lending in the NBFC space. The sector emphasised on a secured lending model after the 2008-09 global economic crisis and reduction in asset quality. This prominence triggered an acceleration in the housing finance sector, leading to formation of full-fledged housing finance divisions and increased loan books. The attention, additionally, has also been towards improving credit quality while also enhancing loan recovery.

The Indian home loan segment experienced an increase in disbursements backed by a number of reasons: demand rise from Tier-II and III cities, growing disposable incomes, fiscal incentives like reduction in stamp duty and interest rate cuts on home loans. The loan book doubled in the last five years to ₹ 20 trillion registering a 11% YoY growth in FY20 (Source: CRISIL). However, this growth was muted both on the supply and demand side in FY21. Restricted income growth and limited employment opportunities muted the demand side. On the supply side, construction activity slumped on account of the lockdown and large-scale labour migration. The loan book for HFCs in 9M FY21 moderated to 4.3% and is expected to achieve a growth rate of 6-8% in FY21 followed by an uptick of 8-10% growth in FY22 backed by vaccination rollout and economic revival (Source: ICRA).

FY20 Mortgage-to-GDP ratio in India stands low at around 10% with an even lower share for the low-income housing segment. Low-cost affordable housing is one of the crucial areas for growth in the housing finance space today. Driven by growing urbanisation and rising income levels, it caters to the lower income customers, young population and nuclear families. This growth is justified by increased demand from the Tier-II and III cities and reduction in unsold inventory. It is estimated that over ₹ 4 trillion worth of opportunities in the low-cost housing segment exists due to the demand-supply gap.

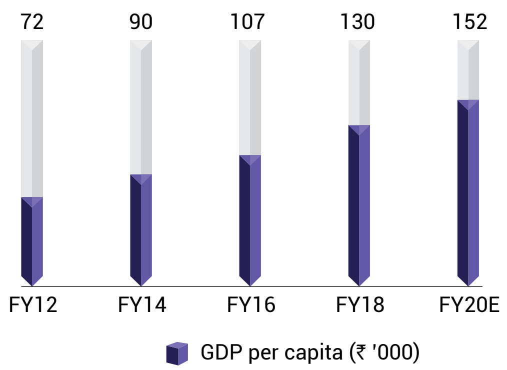
MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Low mortgage penetration offering huge headroom for growth (mortgage as a % of nominal GDP)



Source: European Mortgage Federation, HOFINET and HDFC estimates for India

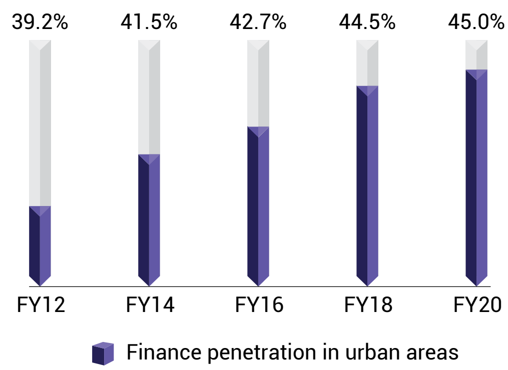
Affordability led by disposable income



Source : CRISIL Research

E-Provisional estimates

Rise in finance penetration



Source : CRISIL Research

Schemes like 'Housing for all' by 2022 and Pradhan Mantri Awas Yojna (PMAY) are directed towards boosting the Indian housing and real estate segment. A credit-linked subsidy, under the scheme 'Housing for all' by 2022, was implemented as a demand side intervention to expand institutional credit flow. Under the PMAY urban and Gramin scheme, a total of 29.5 million houses have been sanctioned to be constructed by 2022. The Government support is accurately aligned to the country's real estate segment's growth along with the housing finance sector.

Going Ahead

With the vaccine roll out as we gradually come out of the pandemic, the housing finance sector is slowly picking up with resumption of activities. The affordable housing space exhibits the highest growth potential in the overall HFC portfolio. This can be accredited to the rising income levels and increasing financial penetration. SCBs, along with HFCs, are expected to cater the huge demand-supply gap in the affordable housing segment through co-lending. HFCs are also using securitisation for improving liquidity alongside the traditional route. On the demand side, the Government's motive to boost the real estate sector, driven by Pradhan Mantri Awas Yojana (Urban) [PMAY(U)] initiative is expected to provide good opportunities for HFCs.

Gold Finance

Gold industry has traditionally been a pillar of strength and support for the Indian economy. The yellow metal holds a

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

significant position in the hearts and homes of Indians, making India the largest gold consumer globally. For time immemorial gold has been one of the most reliable and auspicious liquid assets for Indians. With an emotional sentiment attached to the metal, Indians rarely sell their gold jewellery but pledge it as a collateral with financiers for securing short-term loans.

The low, lower mid, upper mid and high income households categorising gold loan as credit consumption in different slabs.

Gold loan customer segments

	Credit Consumption Categories	Primary Providers
High 8M (3%)	Housing loan, CD loan, Auto loan, Educational loan, Personal loan	Banks, NBFCs
Upper mid 61M (21%)	Housing loan, CD loan, Auto loan, Educational loan, Personal loan, Gold loan	Banks, NBFCs
Lower mid 97M (33%)	Housing loan, CD loan, Auto loan, Educational loan, Personal loan, Gold loan	Co-operative banks, NBFCs
Low 127M (43%)	MFI/SHG loans, Gold loan	Co-operative banks, NBFCs, SHGs, Gold finance companies

Number of households: 293 million

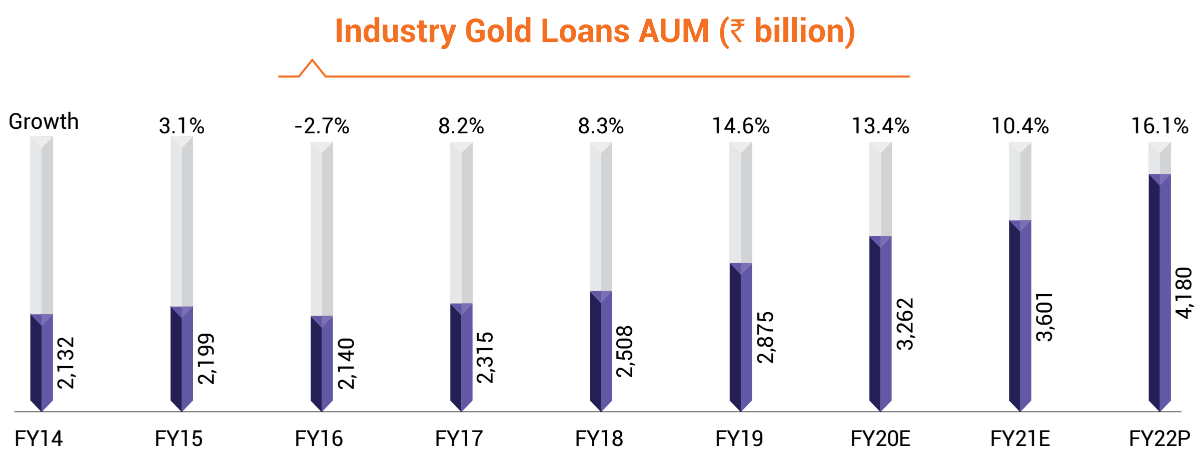
Household income per annum prices by income segment - low < USD 4,000 (<0.3 million), lower middle - USD 4,000 to USD 8,500 (0.3 million to 0.6 million), upper-middle USD 8,500 to USD 40,000 (0.6 million to 2.75 million), high > USD 40,000 (INR 2.75 million).

(Source: Future of consumption in fast-growth markets: India, World Economic Forum, January 2019)

Specialised NBFCs hold a larger share in the gold loan segment. This is due to their aggressive approach towards the sector through branding, advertising and expansion and other factors like faster loan processing, accurate gold valuation, safekeeping and auctioning. NBFCs have an upper hand over banks in gold financing. This inclination can be credited to the flexibility and quick turnaround time they offer – both of which are extremely vital to gold loan customer segment. Over the past five years, credit outstanding of the gold loan segment has grown at a higher rate as compared to banks (Source: KPMG). The segment has now picked up scale and is on its growth trajectory. It is expected to outmatch the lending space in India.

The year 2020 saw a lot of Indian household resorting to pledging their gold reserves. This helped meet their short-term liquidity needs induced by the pandemic. The RBI revisited its guidelines for banks' lending gold loans by increasing its Loan to Value (LTV) from 75% to 90% (till March 31, 2021). This was aimed to help stressed borrowers unlock more value. The gold loan industry's Asset under Management (AUM) grew at a compounded rate of 8% between 2015 and 2020, registering an AUM of ₹ 3,262 billion (Source: CRISIL). The gold loan market in FY21 is expected to perform better than the other retail loans. This anticipation of better performance is mainly on account of rising gold prices leading to: additional disbursements, growing share of digital loans, widening branch network, large demand from MSMEs and individuals, increased traction from farmers, minimal documentation and faster processing, among others. The AUM for gold finance is expected to reach ₹ 4,180 billion in FY22, a growth of ~28% from FY20 (Source: CRISIL).

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)



Note: Includes agriculture lending by banks with gold as collateral

Source: Company reports, CRISIL Research

E-Provisional estimates; P-Projected

Going Ahead

Non-traditional regions* will contribute to the growth of gold loan market. This is further expected to be aided by marketing efforts and ability to leverage technology to improve online gold disbursements. With the economic activities picking up, the gold loan market is also expected to improve its disbursement. Both the lenders and borrowers are depending on gold financing for their credit needs in an economy at a near standstill due to COVID-19 outbreak. For the borrowers, it is the easiest option to meet short-term needs. For lenders, it is the safest asset class to boost revenue and earnings even as the risk profile of borrowers deteriorates with falling income levels. Along with this, the Government's intervention to reduce the repo rates during COVID-19 has further helped improve the borrowing cost marginally while also boosting profit. This same momentum and sentiment is expected to be maintained in FY22 despite disruptions.

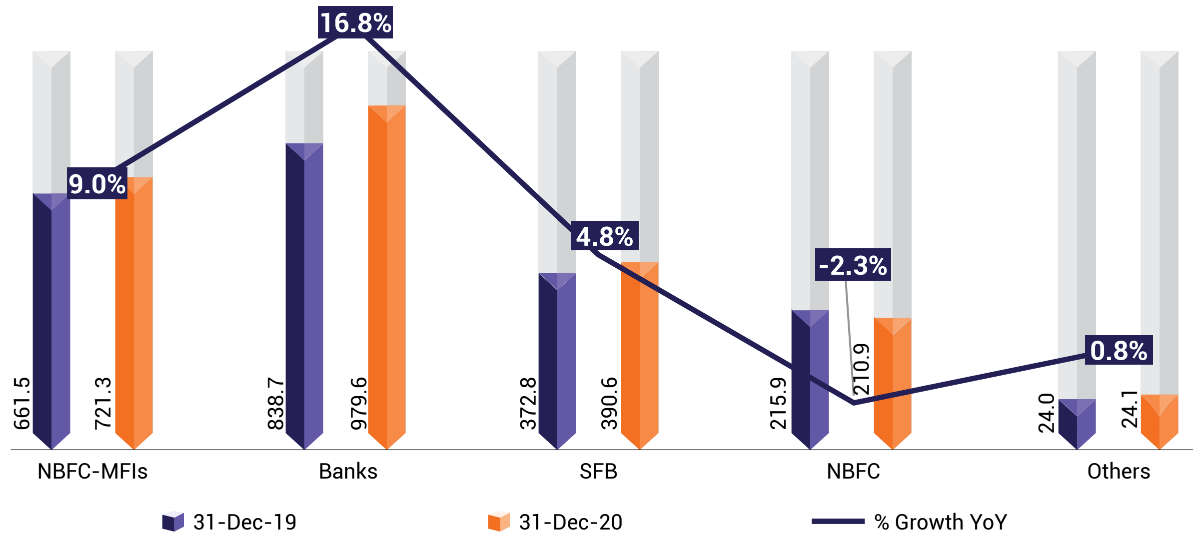
**In India, gold demand varies regionally with highest demand coming from the Southern India - known as the 'traditional region' in the gold market. The Western, Northern and Eastern parts of the country are often referred to as the 'non-traditional' regions.*

Microfinance

Microfinance was developed as an alternative to provide small-ticket size loans to low-income households. The goal behind it was to create financial inclusion and equality by providing loans to people who do not have access to traditional banking facilities. In India, microfinance has propelled rural development, women empowerment, and wealth generation. This was achieved by providing small scale savings, credit, insurance and other financial services to low-income households. Microfinance Institutions (MFIs) serve as a supplement to banks by bridging the huge demand-supply gap in the micro-credit space of India. It is largely dominated by informal sources including money lenders and presents an attractive business opportunity for the Indian MFIs. Microfinance industry recorded a YoY growth of 10% as on December 2020 with total loan portfolio standing at ₹ 2,326.5 billion. Non-banking financial company-microfinance institutions (NBFC-MFIs) are the second largest provider of micro-credit. It witnessed a robust growth rate of ~40% between the FY's 15-20. The total loan amount outstanding for NBFC-MFIs stood at ₹ 721.3 billion as on December 2020 (Source: MFIN report).

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Portfolio outstanding of the microfinance industry (₹ billion)



Source: Mfin Micrometer Issue 36

After facing several headwinds, the sector gradually picked up with collection efficiency improving to pre-COVID-19 levels. The segment's asset quality and NPAs have largely been in the range owing to its small ticket size and borrower profile. The borrowers, low-income households, largely depend on credit for their daily livelihood. This keeps them regular with payments so as to continue with their loan cycle. Another reason for asset quality improvement and collection efficiency is linked to majority of these borrowers involved in essential COVID-19 services and lower number of COVID-19 infections in rural areas.

Going Ahead

The sector is expected to witness a slowdown in FY21 owing to the after-effects of the pandemic. But with the economic revival and the effects of the pandemic weaning off, NBFC-MFIs are expected to grow 25-26% in FY22 (Source: CRISIL) backed by stringent underwriting norms and increased digital lending and collections. Profitability might get squeezed owing to increased credit cost in the future. Expanding reach within the country and increasing digital loan processing and disbursement will be one of the key growth drivers for the segment in the years to come.

OPPORTUNITIES

Co-lending to Enhance Liquidity

Co-lending via NBFCs is the optimum solution to liquidity conversion from banks to lesser served priority sectors through credit funding. It leads to consumption growth and acts as an excellent way of spreading risk. It prevents the entire loan from falling onto NBFCs' balance sheet as banks lend to the borrowers directly. Last few decades have seen different lenders building different strengths. For instance, banks are better at doing secured and collateralised loans at lower costs, whereas NBFCs specialise in smaller loans that are both collateralised and unsecured. Co-lending brings these strengths together, making credit available to MSMEs and consumers at lower costs. NBFCs bring their existing infrastructure and collection capabilities to the table while banks bring the power of their robust balance sheet to a sector largely underserved by the formal banking space. The prime benefit to NBFCs here is in accessing an entire new set of customers along with cheaper funding sources. With the kind of benefits it brings along, co-lending is sure expected to create substantial synergy for the sector.

Rising Working Capital Demand

The pandemic has affected small and large businesses alike. Here again, the small-scale industries with lack of easy access for credit were the ones most impacted. Many companies have been wiped out due to bankruptcy while others have been dependent on credit for their survival. The world is still reeling with the virus but the discovery of vaccine rollout has raised morale, infused hope and ushered the economy going into revival. All the sectors are experiencing positive momentum with increase in business activities. There is a substantial demand prevalent in the market and economy for working capital. This demand is important for going back to the pre-COVID-19 levels and resurgence to achieve new highs.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Increasing Consumerism Boosting Retail Lending

Over the years, there has been a psychological shift in the consumer spending. This, in turn, resulted in a paradigm shift in the borrowing patterns. The earlier aspirational ideology of savings has given way to consumerism. Leisure has become an essential component of Indian urban and semiurban lifestyles. As a result, an increasing number of people are willing to take loans for instant gratification. This has boosted unsecured lending such as personal loans and credit cards across the country. The retail lending products had witnessed a slowdown due to the pandemic and economic distress. However, with the signs of economic revival, credit demand reached 93% of the pre-COVID-19 levels in November 2020 (Source: Trans Union CIBIL). With the economy gradually reviving, improvement in credit origination and approvals are being seen. Every crisis brings along an opportunity and this pandemic was no different. The COVID-19 crisis is expected to alter the dynamics of India's retail credit market, bringing a new dawn to the economy's retail lending.

Partnership with Fintechs

An increasing number of NBFCs are focusing on developing innovative products and catering low income, urban customers in unorganised sectors. Under this framework, NBFCs are adopting business and operational models powered by technologies. The purpose is to seamlessly facilitate the design, launch, implementation and execution of tailored products and services. Investing in new technologies and strategic partnerships with the present financial institutions and fintechs helps NBFCs in a number of ways: to lower customer acquisition costs, servicing existing customers or de-risking the portfolio while trying to overcome the increasing formal credit penetration in a growing economy. Moreover, this also gives them access to crowd funding. NBFCs can serve the niche segments in partnerships with fintechs leading to increased synergies between the two.

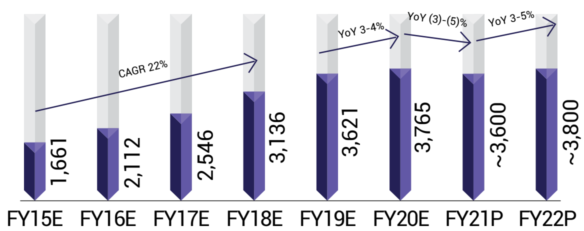
India has seen a steep rise in the fintech industry with almost 67% of the 2,100 fintech set up in the last 5 years. At the current valuation of USD 50-60 billion the fintech industry is expected to reach USD 150-160 billion by 2025 (Source: Moneycontrol).

Underserved MSME Segment

MSME segment contributed to almost 29% of India's GDP in FY20 and is one of the most underserved segments in terms of credit access (Source: IBEF). A substantial portion of MSMEs in India do not receive formal credit, leaving these companies under-financed or financed through informal sources. Informal credit ends up being 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. MSME is a sector with huge potential for growth with limited access to funds from traditional banks and Financial Institutions. The Government of India took appropriate steps to enhance the credit access to the MSME and eventually increase their contribution to almost 50% of the GDP in the long term. The Centre's move for injecting liquidity with banks and NBFCs would benefit the sector as well. Schemes like ₹ 3 trillion collateral free loan with 100% credit guarantee to MSMEs, ₹ 200 billion subordinate debt for stressed MSMEs and ₹ 500 billion equity infusion for MSMEs collectively would boost the MSME segment substantially. 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, there can be immense opportunities and avenues to explore.

NBFC-Fintech collaboration combined with digitisation efforts and regulatory norms for data security and protection, will help address this credit gap. According to CRISIL, the NBFC financed MSME segment has experienced a slowdown in FY21 and is expected to grow by 3-5% in FY22.

Non-bank MSME credit to pick up gradually as the economy revives (₹ billion)



Note: E-Provisional estimates; P-Projected
Source : Company reports, CRISIL Research

Partnership with E-commerce Players to Increase Retail Credit

The e-commerce market is expected to record a CAGR of 18% from USD 39 billion in 2017 to USD 200 billion by 2027 (Source: IBEF). The Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass that of the US to become the second largest e-commerce market in the world by year 2034. There is a huge demand for online credit from buyers, especially for mid to high-ticket size items.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

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 offering zero-cost EMI have captured a significant market share in this segment. There is a growing proportion of gross merchandise sales on e-commerce platforms happening through EMIs. In future, the e-commerce industry is expected to attract more customers from tier II and III 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, and AI, among others, can explore this growing market opportunity in the form of non-collateralised loans.

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. This has made services more convenient and accessible for users, especially for the low-income subscribers in remote locations. Internet penetration has been on an upward trend , registering the highest levels of data consumption and subscriber base during the pandemic. Total wireless subscriber base in the country reached to 742.06 million in November 2020. With 5G entering the implementation phase in the country, digital financial payments delivered via internet and mobile phones, coupled with the rising credit demand, provide a huge opportunity for NBFCs and fintechs to expand their credit outreach.

Gold Loan Demand

India's gold loan market is expected to touch ₹ 4.1 trillion by 2022 (Source: CRISIL). FY19 and FY20 saw gold loan companies aggressively expanding their branch network. This was especially witnessed across the northern and eastern states of the country, which was relatively underpenetrated right until 2018. Despite the pandemic and economic slowdown, the gold loan segment witnessed strong demand and disbursal growth. The lower credit eligibility makes gold loans accessible to all. This loan segment saw a surge in demand from small businesses and individuals during the pandemic to manage their liquidity needs. Further, the onset of online and digital models in the gold loan space brought about a revolution in FY21. Services like gold verification at the customers' doorstep have opened untapped market among digitally-enabled customers. NBFCs are expected to capture this market faster with its quick decision-making, faster adoption and better outreach as compared to banks.

More Involvement of the Private Sector

India's financial sector has a low credit exposure than that compared to other developing countries. Our credit-to-GDP level is 51% as compared to 70% and 136% in Brazil and Malaysia, respectively. The state banks in developing countries generally comprise the minority rather than the majority of market credit share – closer to 20% versus the current ~70% in India. In order to boost the economy's growth at a faster rate, credit must also grow at an equally faster pace, while maintaining good credit quality along with avoiding excessive risk taking.

Low banking credit penetration indicates a large area without access to credit services. This often makes such areas dependent on informal credit sources. The Government's initiatives for financial inclusion and the continual rise of digitisation are anticipated to create analytics, operational and business synergies for NBFCs and MFIs. It is expected that these initiatives will help capture these underserved markets through operationally efficient and cost-effective models.

Threats

Stringent Regulatory Norms

Unexpected regulatory changes or tightening in regulatory scrutiny/restrictions may adversely impact the way current products or services are produced or delivered.

Technology Disruption

Constant technology and innovation-based upgradations require companies to pay as much attention towards innovation as towards business growth. The rising performance-related expectations with respect to quality, timings and cost, are making technological upkeep extremely important. It is crucial for keeping in line with competitors, especially the new ones 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 prevalent.

Global Market Slowdown

The global markets are looming with uncertainty. The slow growth in the advanced economies and rising constraint on certain emerging economies can result in volatile capital inflows and currency fluctuations. The increasing restrictions on migration and global trade is likely to hurt productivity and incomes. Together, this may take an immediate toll on the market sentiment. Speaking of the same in the Indian context, slow implementation of regulatory reforms and lack of consensus on important legislations is further likely to delay growth.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Volatile External Conditions

There are other notable risks to the global economy. A possible shift towards inward-looking policies and protectionism or a sharper-than-expected tightening in global financial conditions may interfere with balance sheet weaknesses in parts of the West and in some emerging market economies as well. Apart from these, increased geopolitical tensions and even more trade tensions in the global market also pose a threat to the industry.

COMPANY OVERVIEW

IIFL Finance Limited (formerly IIFL Holdings Limited) is one of India's prominent and reputable financial services company in India. Its offerings range from gold, home, business, and microfinance loans, extended through unmatched network of branches.

IIFL is (the 'Company', or 'it', or 'we') promoted by the first-generation entrepreneurs Mr. Nirmal Jain and Mr. R. Venkataraman, enjoys the patronage of many trusted institutional investors such as Fairfax Group and CDC Group Plc. The Company's highly qualified and experienced management team is focussed to promote a growth culture, entrepreneurship and innovation among the huge talent pool of 19,825 people. The Company's strong footprint of 2,563 branches across India only adds to its strength.

Founded in 1995 as a research firm, IIFL has innovated and reinvented itself time and again. Not only this, it has also adapted to the ever-changing business environment without losing focus on its financial services domain. Today, the Company has exponentially grown into wide range of financial services, serving over 6 million customers across business segments. Its wide presence with a robust network of branches and online and mobile platforms, helps catering the financial needs of new India.

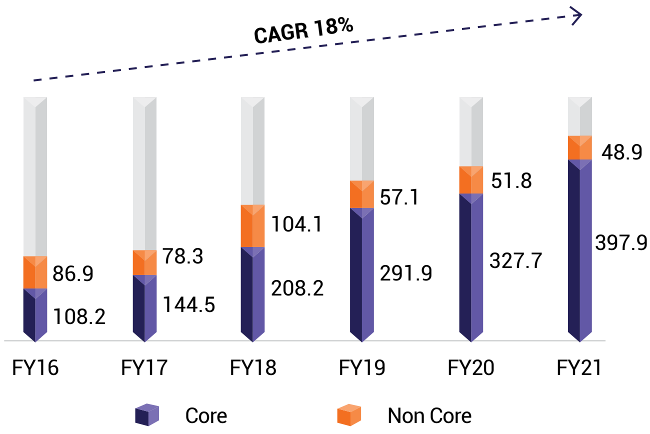
Transfer of real estate credit assets to an Alternate Investment Fund (AIF)

IIFL Finance is in the process of transferring a substantial part of its Construction & Real Estate (CRE) loan assets that are in the form of non-convertible debentures to an Alternative Investment Fund. Wherein, the Company will continue to own at least a third of the AIF's units. The AIF has a target fund size of ₹ 36 billion. The capital released by the above transaction, will strengthen IIFL Finance balance sheet and help it focus sharply on retail lending, in line with its strategy.

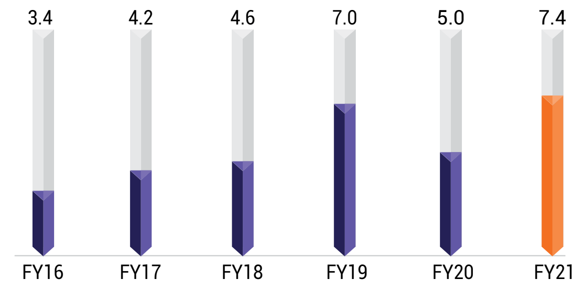
Financial Performance and Operations Review

The Company continued diversifying its portfolio with gold loans, home loans, business loans, microfinance loans, real estate and capital market finance. During the year, AUM grew by ₹ 67.3 billion and 18% YoY to ₹ 446.8 billion. The total comprehensive income grew 48% YoY to ₹ 7.4 billion (post non-controlling interest).

AUM (₹ billion)



Total Comprehensive Income (₹ billion)

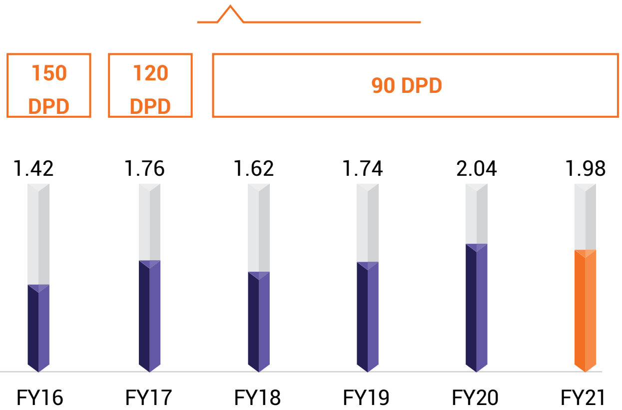


Liquidity has been well diversified with increasing share of bank loans. The Company raised long-term funds (excluding assignment/securitisation) of ₹ 102.8 billion in FY21. The Company also managed to assign and securitise assets worth ₹ 112.3 billion in FY21. The acceptance of IIFL Finances' granular retail loan book portfolio, across investors, indicates its steady underwriting capabilities and strong portfolio quality. The Company has cash and undrawn lines of ₹ 52.8 billion as of March 31, 2021. IIFL manages its asset-liability mismatch both diligently and conservatively, with surplus in all buckets.

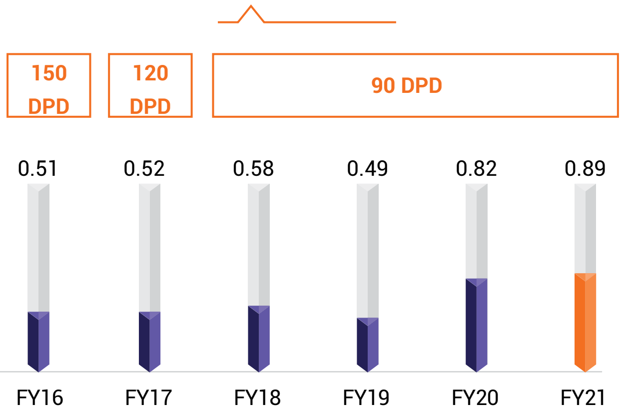
MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Consolidated GNPAs and NNPAs, recognised as per RBI's prudential norms and provisioned according to Expected Credit Loss (ECL) method prescribed in IndAS, stood at 1.98%^ and 0.89%^ of loans, respectively. Under ECL provisioning in IndAS, the coverage on NPAs stood at 186% (including standard asset coverage).

Gross NPA^ (%)

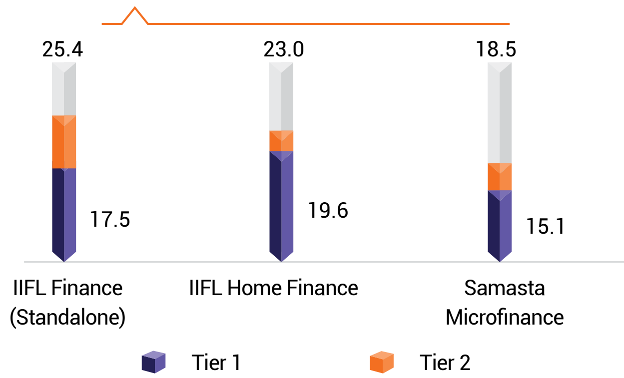


Net NPA^ (%)



^GNPA and NNPA numbers exclude discontinued Healthcare equipment finance (HCF) business

Capital adequacy ratio (%)



The key products that boosted the Company's AUM growth were gold loans, which grew by 44% YoY, Microfinance loans which increased by 40% YoY, and small-ticket home loans which scaled up by 16% YoY. The synergistic segments of commercial real estate and capital market loans have a declining share in the overall loan portfolio.

Under the home loans category, the Company's focus continued to remain primarily on Swaraj loans. These are small-ticket loans in the affordable home segment to both salaried and self-employed sections with average ticket size of ₹ 1.35 million. Swaraj loans accounted for 46% of the home loan disbursements in FY21. Swaraj is a dedicated product designed to support the informal income segment in fulfilling their dream of owning a house.

As on March 31, 2021, the Company had over 13,650 approved housing projects, up nearly 2,250 from over 11,400 approved projects a year ago, and 54% of home loans were made through these same approved projects. This loan disbursement approach is expected to reduce operating and credit costs in the long-term.

IIFL Home Finance has played an enormous role in Pradhan Mantri Awas Yojana (Urban) – Credit Linked Subsidy Scheme (PMAYCLSS). It has benefited over 43,000 customers and disbursed subsidies of more than ₹ 10.3 billion so far.

The Company's immediate focus is on retail and small-ticket loans for growing a granular loan book to ensure a healthy portfolio. It is also planning to leverage its extensive branch network and undertake further innovations in the digital lending processes. Retail loans, including consumer loans and small business finance, constitute about 90% of the total loan book.

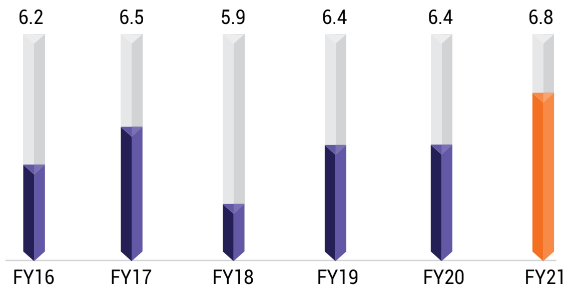
Another characteristic that makes IIFL Finance's book robust and sustainable is the large proportion of loans that are compliant with RBI's priority sector lending (PSL) norms. In aggregate, nearly 36% of the Company's loans are PSL compliant. Gold loans are not deemed to be PSL compliant.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

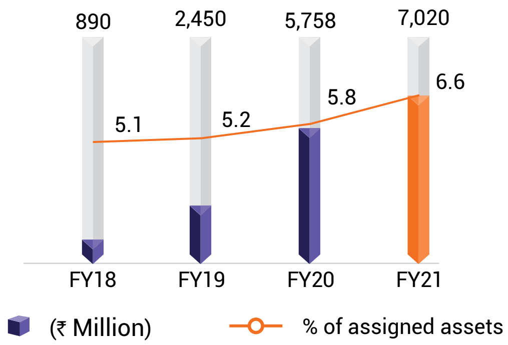
The large share of retail and PSL-compliant loans are of significant value, especially at present, where the Company can sell down these loans to raise long-term resources. The share of loans sold down was 25% of the total AUM as on March 31, 2021.

Net Interest Margin (NIM) on balance sheet assets for FY21 stood at 6.8 % and NIM on assigned assets for FY21 was 6.6%.

NIM on B/S Assets (%)

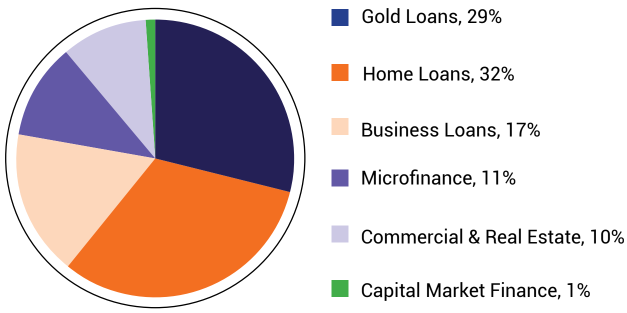


Spread on Assigned Assets (%)



Medium and high-yielding assets at present constitute 67% of the AUM. These include gold loans, small-ticket MSME loans, micro-finance loans, and construction finance loans.

AUM break-up (%)

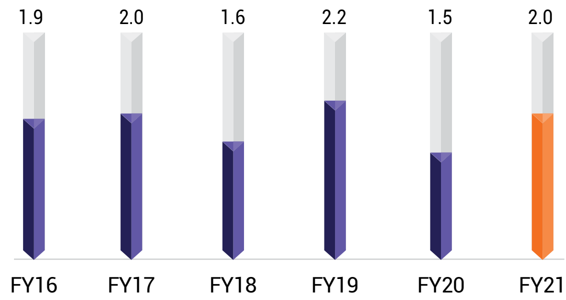


The Company's AUM mix is well spread out with 85% comprising secured loans and 15% unsecured loans.

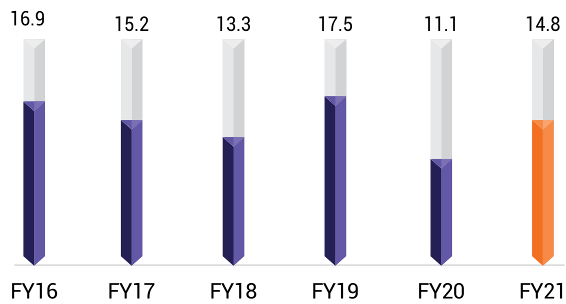
IIFL currently has over 2,563 branches, primarily for gold, home finance and microfinance businesses.

Return on assets for FY21 was at 2.0% and return on equity at 14.8%. Return on asset for FY20 was at 1.5% and return on equity at 11.1%. It has mainly increased due to higher profits driven by an increase in net interest income and cost optimisation. Net interest income has mainly increased due to superior product mix and savings in cost of funds.

Return on Assets (%)



Return on Equity (%)



MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

The Company continued focusing on its core segments, growing the retail and granular portfolio while maintaining the asset quality alongside. IIFL has focused on the backend process digitisation through innovations and partnerships to achieve process efficiencies. The idea is to uplift every customer digitally in his/her loan journey. IIFL Loans app had more than 1 million downloads as at March 2021, with an average monthly user of 2,49,363 active users at any point of time. The Company also has strategic partnerships with fintech companies to bring in more innovations in its business model. The Company is getting into co-branded prepaid cards and instant personal loans. Moreover, to improve collection efficiency, the Company partnered with fintech companies to accept EMI payments through digital source as well as through WhatsApp. IIFL has also taken a step ahead in analytics through Geo Analytics and credit analysis, leveraging on technologies such as artificial intelligence and machine learning. The Company intends to provide an overall seamless digital borrowing experience to every customer.

Disclosure of accounting treatment

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

SEGMENTAL OVERVIEW

Gold Loan

The organised gold loan market comprising NBFCs, banks and Nidhi companies contribute to nearly 35% of the Indian gold loan market. With a CAGR of 8% between FY15 and FY20 to registering an AUM of ₹ 3,262 billion, the gold loan industry is expected to reach ₹ 4,180 billion by FY22 (Source: CRISIL).

Indians have sentiments attached with gold, which accounted for an estimated 23% of the total global gold demand between 2009 and 2018 (Source: KPMG).

Nearly two-third of India's gold demand comes from rural communities, where jewellery is seen as investment.

Over the years, NBFCs have developed competitive strength and faith in the organised gold loan market. This is due to their wide network, faster loan processing, accurate gold valuation and the ability to serve non-bankable customers. Despite facing competition from substitute financial products, gold loan demand is expected to grow because of increased digitisation and loan demand from small businesses.

Business Overview

IIFL Finance offers loan against gold jewellery to small businessmen, vendors, traders, farmers, and salaried people. These loans are given at competitive rates with minimum documentation and fast turnaround time. The Company follows a strong verification process conducted by experienced officers, certified and trained in asset quality practices. The ornaments are stored in fireproof and burglary-proof vaults in gold loan branches under 24x7 electronic surveillance.

FY21 Under Review

The Company's prime focal point was to improve profitability and operational efficiency along with superior risk management and controls. It continued investments in digitisation to provide services like tablet-based-paperless loan disbursal, which played an instrumental role in providing enhanced customer experience with reduced turnaround time. A firm emphasis on collections and resolutions resulted in negligible losses with the Company's gold loan AUM growing at a healthy rate of 44% for the year ended March 31, 2021.

Outlook

The gold loan sector is undergoing a makeover. A steady shift from the unorganised to the organised sector and from physical to digital and online products is being experienced. The gold loan industry is anticipated to continue growing in FY22. This growth is backed by the diminishing impacts of COVID-19, resulting in economic revival. The Company is strongly positioned to capitalise on this existing opportunity. It is ready to reap the benefits of digital capabilities and bring in cost optimisation by gradually shifting to paperless processes.

Mortgage Loans

The total outstanding home loans in India is estimated to be around ₹ 20.5 trillion in FY20. The said number is more than double of what it was five years back. This growth has been driven by a number of reasons: an increasing demand from tier-II and tier-III cities, rising disposable incomes, initiatives such as liquidity support, interest rate cut as well as tax reliefs. Together these factors have made homes easily affordable in Asia's third-largest economy.

The current Government identifies housing as the core of its economic policy. Various schemes and policies to increase home ownership have been announced so far. Bouncing back from the impact of the pandemic, the segment is anticipated to grow positively in FY22, reaching ₹ 36.9 trillion by March 2023 (Source: ICRA Indian Mortgage Finance Market Update for August 2020).

Business Overview

The Company provides loans for purchase of residential property, home construction, home improvement, and plots. It also offers mortgage-backed loans for residential or commercial properties to small and medium enterprises for varied purposes: working capital requirements, business use, purchase of commercial property and many others. The Company's sturdy foundation enables it to undertake necessary checks on borrowers' credit background. It aids

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

the Company in conducting legal and technical security evaluation accordingly. The Company leverages on external as well as internal appraisal of properties, including valuations by international property consultants for large mortgage loans.

FY21 Under Review

IIFL believes in the 'Housing for all' mission of the Government. The Company actively participates in their initiatives – mainly in the credit-linked subsidy scheme. It has been consciously building associations with various state housing boards as a key loan partner for affordable housing projects.

The Company has developed its reach in tier-II areas, leveraging on its group company network of 2500+ touch points. This way, it is making the most of technology and digitisation for providing seamless loan support to customers. IIFL has advanced on a cent per cent paperless journey with no human touch points for top up disbursal to eligible customers under home loan and loan against property loan.

Outlook

Post the COVID-19 induced slowdown, businesses have gradually started picking up pace with the roll out of vaccines and economic revival. Co-lending and assignment/securitisation are likely to remain the catalysts of the next financial year. Together, these will help boost the home loan growth trajectory. With reduced interest rates and modernisation, HFCs are anticipated to grow at 10% in FY22 (Source: Ind-Ra).

Government measures like partial credit guarantee scheme and onward lending, among others, are expected to improve liquidity. This is turn is likely to enable NBFCs, including HFCs, to better manage their asset-liability profile. The Company is anticipating this growth momentum to sustain. With this mindset, it is focusing on affordable housing, leveraging on its technological infrastructure and paying special attention to prudent risk management.

MSMEs & Others

Traditionally, MSMEs have remained a financially unorganised sector with only 13 million of the total 63 million registered. As a sector, MSME constitutes almost 30% of employment spread across sectors, accounting for 29% of India's GDP in FY20 (Source: PWC Report).

It has been noticed that the operations and ownership of such businesses mostly remain confined to the family or a small group of associates. Most MSMEs find it difficult to produce collateral, credit history and documentation such as financial statements that are usually required for loan requests. As a result, around 90-95% of MSMEs rely on informal credit sources, and a huge credit gap. Given its contribution to the economy, the sector would be a critical growth engine for the 2024 milestone of USD 5 trillion economy. With increasing synergy between banks and NBFCs on account of co-origination, and assignment, among others, 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 and cash flow-backed business loans. The Company is creating a pivotal position in the rapidly growing low-ticket size, high-yielding MSME segment. IIFL has been providing financial solutions to MSMEs by using technology as an enabler. Hence delivering with faster processing times and ensuring customer satisfaction. The Company has also e-integrated with its partners for seamless end-to-end process.

FY21 Under Review

Customised product offerings such as emergency personal loan under COVID-19 scheme is delivering on its vision. The scheme against GST return to help people who are regular in filing GST returns to encourage digital payment have been greatly successful. Strengthened sales and robust support team lifted the spirits further during the pandemic.

During the year, the Company achieved operating efficiency in investments in digital loan processing technology and partnering in financial ecosystem. The Company also followed a prudent credit underwriting practice balanced with instant in-principle decisions and automated loan disbursements based on analytical scorecards as a part of strong risk framework.

Outlook

The Company will continue targeting the under-served MSME segment. The idea is to address the lack of adequate financial borrowing facilities because of small loan ticket sizes. IIFL will also focus on offering end-to-end digital loans enhancing customer experiences by providing integrated services throughout the customer lifecycle.

Microfinance

India sees a huge opportunity in the microfinance sector because a majority of its population is in the low-income group. The microfinance loan book in India grew at a healthy 30% in FY20 to ₹ 1,643 billion. Though Government schemes and established financial institutions have enhanced microcredit access for nearly two-third of the Indian population in rural areas, only 34% of the districts with microfinance presence contribute 80% to the portfolio (Source: PwC). This shows the significant geographic concentration of MFIs within a few districts of the country. It clearly indicates the potential for achieving higher microfinance penetration.

Business Overview

IIFL offers micro loans, credit-linked insurance, and group-based savings accounts to empower communities. It consists

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

of high-yielding granular portfolio, dominated by Self Help Groups (SHGs) of women for income-generating activities.

FY21 Under Review

The IIFL MFI segment registered an AUM of ₹ 47.4 billion in FY21, with a reduced average ticket size of ₹ 20,000. The focus was more on identifying new business areas and enhancing field staff productivity for route optimisation. IIFL Finance MFI segment crossed 1.6 million customer mark with a branch strength of 618 in 17 states as of March 31, 2021.

Outlook

The MFI segment seems optimistic with revival of activities and economy showing signs of resurgence. NBFC MFIs have a stable growth trajectory going ahead and this segment is a crucial component for India to achieve its goal of financial inclusion. The microfinance market in India remains substantially underpenetrated as compared to top markets globally. The Company is focussing on Geo Analytics to open new branches, identifying the less-penetrated areas, while enhancing the existing branches' output.

RISK MANAGEMENT AND GOVERNANCE

Risk management is crucial for identifying, analysing, and mitigating potential risks for smoother business operations. It helps an organisation define and achieve its future objectives. At IIFL, prudent risk management and governance forms an integral part of the Company's business strategy. It is integrated across all the business operations. IIFL's risk management process is aimed towards optimising the risk-return equation. This helps ensure diligent compliance with all the extant laws, rules, and regulations applicable to its business activities.

IIFL promotes a strong and disciplined risk-management culture across its board and business. The Company's comprehensive view of risk management enables it to shoulder an enterprise-wide risk management approach under the Enterprise Risk Management (ERM) framework. IIFL understands ERM's role in providing a sturdy foundation. It ensures that the risk-taking activities across the Company are in line with its business strategy, the Board-approved risk appetite and other regulatory requirements.

As a Company operating in the financial services space, IIFL Finance Limited is an NBFC registered with the RBI, and its housing finance subsidiary, namely IIFL Home Finance Limited, is registered with the National Housing Bank. The Company has adopted the 'three lines-of-defence' model. This model defines the management control at the business entity level as the first line of defence in risk management. Other risk control and relevant compliance oversight functions form the second line of defence. These two are then followed by the third line of defence comprising the internal audit/assurance function.

The compliance function is a vital part of the Company's operations. IIFL's management teams working under compliance, audit and risk play an important role. They ensure all the rules and regulations are diligently followed in all processes as well as in spirit too. The Company's risk management discipline is initiated and implemented centrally across the businesses. The main businesses viz. NBFC, HFC and MFI, have dedicated risk management teams.

The Company undertook digital initiatives in its key businesses. Digitisation has aided the Company in growing the business faster. It helped achieve critical mass and further supported to grow exponentially using Do-It-Yourself model. This was made possible by the cutting-edge technology with minimum physical infrastructure and manpower. Digitisation reduces human intervention with superior customer service. Technology further eliminates the scope for any fraud, omission, and commission of errors.

IIFL's diversified financial services are subjected to various risks. These are either inherent to the business or affected by the changes in external environment. The Company fosters a strong risk culture across the organisation to maintaining financial soundness. All the major risk classes – credit risk, liquidity risk, finance risk, fraud risk, business risk and reputational risk – are controlled using well-defined risk management processes. This risk culture was maintained and remained operational even during the COVID-19 pandemic. The significance of resilience in established systems and processes, learnt during the pandemic, were further incorporated to strengthen the Company's risk architecture.

Risk	Risk Response Strategies
Credit, Liquidity and Finance Risk	• IIFL's multi-level Credit and Investment Committee comprises Directors of the Board/Head of the Departments for IIFL Finance Limited and IIFL Home Finance Limited, to consider medium to large credit proposals. Smaller proposals, however, are decided at appropriate level according to the approval matrix. • The Group has a Risk Management Committee and Asset Liability Management Committee (ALCO) in place, comprising 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.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Risk	Risk Response Strategies
	• Also in place are product-specific lending policies, credit approval committees and regular monitoring of exposures. • In the housing finance business, every policy and procedures are approved jointly by CEO, CRO and policy head in consultation with functional heads concerned.
Technology Risk	• The management regularly reviews various technology risks. This includes protecting sensitive customer data, cybercrimes, identity theft, data leakage, access controls and business continuity, among others. • The Company has various processes, systems and tools that help it ensure vigilant monitoring, audit logging and suspicious activity reporting. • The Company's Audit logs are regularly reviewed to identify anomalies and pattern deviations. • The Company has implemented several tools that help it mitigate various security risks – restriction of tool access, secured internet access and mobile device management.
Compliance Risk	• The Company has a dedicated compliance department. It is controlled by knowledgeable and experienced professionals in compliance, corporate, legal and audit functions. The department is responsible for guiding the businesses/support functions on all regulatory compliances. It also monitors implementation of extant regulations/circulars. Thus, ensuring Company's regulatory compliances, governance and reporting. • The Company has business-specific compliance manuals, limit-monitoring systems and AML/KYC policies in place. • During the year, compliance with corporate acts, including Companies Act, RBI-NBFC regulations, and NHB-HFC regulations, was verified by independent secretarial auditors on the holding company and major subsidiaries. The reports and recommendations they shared were taken into comsideration by the Board. Necessary implementations, wherever needed, were also initiated during the year. • The compliance manuals and circulars communicate all the compliance requirements across various service points. Complete involvement in the compliance process is ensured via reporting processes instituted by heads of all businesses/zones/area offices and departments. This is done through submission of quarterly compliance reports. The compilations of these reports are then reviewed by the Audit Committee/Board. Additionally, these are also submitted to regulatory authorities periodically. Besides these, the internal auditors also verify the compliances as a part of their audit process.

HUMAN RESOURCES

Human resource plays a vital in role developing, reinforcing, and changing the culture of an organisation. IIFL's human resource department is aligned with its business strategy. It not only implements digital solutions but also builds a strong culture of transparency and service orientation within the organisation. The Company emphasises on people-friendly policies and practices first and focuses on adopting the best HR policy practices.

Strong Management Team

IIFL continues attracting proficient professionals from various sectors, including BFSI, technology, software, and start-ups. This has helped build a transparent, meritorious and performance-driven culture in the organisation. Guided by the right leadership, the Company successfully attracts, creates and promotes a professional and purpose-driven team.

Training & Development

We use technology-led interventions for training our employees. It forms the core of the learning journey at IIFL. Through 'MoneyVersity' – our learning experience platform – we have successfully enhanced our stakeholder learning experience beyond the proprietary learning content. It has also given us the exposure to a larger and wider access to national and international content of quality. We have extended our learnings beyond pure functional or technical content to areas such as COVID-19 impact, health and wellness, leadership stories and insights, women-centric specific learning events, motivational videos, sales enables, personality development and more. These learnings are powered by leveraging the capability of artificial intelligence, making learning a truly enjoyable, timely and need-based solution. The recognition received from the Tata Institute of Social Sciences (TISS) for our best digital on-the-job

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

training programme, accredits validations for our efforts towards unique learning through digitisation.

Fast Track Career Path

Aligning our meritocratic culture, we introduced the 'Role Elevation Panel Process'. This helps fast-track careers of high performers through a just, honest and transparent panel process. This has immensely encouraged employees to perform to their best calibre for a rapid career growth within the organisation.

We have devised a special fast-track programme for the recognised high-potential employees. It includes skill and competencies-honing programme and initiatives aimed at special learning and development.

Employee Engagement

IIFL strives grooming and engaging its workforce to help them become tomorrow's leaders. The Company participated and received the certification of 'Great Place to work' in a survey that studied and evaluated work culture. As per a GPTW survey, a great workplace encourages a culture of high-trust and high-performance. It is where employees TRUST their seniors and people they work for. They take PRIDE in their job and ENJOY (Camaraderie) the company of their colleagues. Such organisations are distinctly known for their great leadership, consistent employee experience, and sustainable financial performance.

This certification signifies the most definitive employer-of-choice and workplace quality recognition for any organisation.

We promote workplace as a creative and robust communication platform. It helps serve in various ways as employees communicate business information, share relevant articles, post news and photographs, and conduct polls and surveys to actively engage on this platform, making it a quicker and interesting mode of communication.

Our monthly, quarterly, annual rewards and recognition programmes are aimed to appreciate the exemplary contributions of performing employees. Additionally, they also drive and make it aspirational for others to leverage their potential. We also regularly conduct other engaging activities such as sports, cultural and festive celebrations, and contests, to help employees de-stress. Such activities contribute in improve team bonding and helps them rejuvenate.

Encouraging Performance

IIFL considers performance and potential to determine employee growth and promotions. We have clear demarcated parameters of performance measured through Individual Performance Measures (IPMs). These set expectations with regards to performance across the organisation. Moreover, we also have an effective feedback mechanism that regularly helps employees improve their skills. Together these help align organisation's objectives with employees' personal goals. Effective and appropriate PMs help the Company reward people's performance.

Technology Enablement

IIFL's Adrenalin serves a one-stop employee interface for all human resource-related requirements. It is available as a mobile app and is also easily accessible 24x7 through intranet.

This interface incorporates and enables the yearly survey along with regular connect with employees via AI Bot. These Bots are available to chat during their service completion years in the organisation. They help understand employees' work experience, seek their feedback and suggestions. Furthermore, they also aid in creating a better and conducive work environment.

Management Connect

We understand the importance of regular management interaction. Our Chairman, thus, has a periodic live connect session 'Ask Nirmal' with all the employees through Facebook@Work. These sessions help the management discuss the Company overview, goals and future plans, opportunities and challenges, among others. The sessions are also open to live questions from employees which the management answers. This practice helps align employees with the Company's vision. It helps the employees get clarification or bring concerns for the management to the fore. Eventually it helps enhance management connect across hierarchy. The Chairman announces the top-10 performing employees across all businesses on this forum, based on their significant contributions during the previous month.

Business heads, too, conduct regular Townhalls@Workplace. This enables them to connect with all the employees at a go and set their business expectations. During these sessions, business suggestions are accepted from all employees while also discussing the feasibility of the same. Additionally, there is frequent interaction with Business Heads' team during the monthly and quarterly reviews.

As on March 31, 2021, the Company had a strong workforce of 19,825 employees.

INTERNAL CONTROLS

Effective internal controls is crucial for reducing the risk of financial loss. It helps ensure accuracy, completeness and reliability in financial statements. IIFL's internal audit is conducted according to the Annual Audit Plan, approved by the Audit Committee. The internal audit encompasses all aspects of business, including regular front-end and

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

back-end operations and internal compliances. It highlights checking of process controls, measures undertaken to monitor Company's risks and to check on leakages or frauds. The Company 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 holds the following certifications:

ISO/IEC 27001:2013: Confirming that the Company follows the reasonable best practices for managing Information Security.

ISO 27001: The international standard that describes the best-practice specifications for an information security management system (ISMS).

This is a comprehensive approach to information security. It allows organisations to manage the confidentiality, integrity, and availability of customer information and organisation information assets.

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 distributed the audit of major businesses to separate top audit firms for a wider and heterogeneous verification approach and inputs. It is helps derive larger value from the audit process.

The Company has put in place enhanced risk-based supervision systems and ensures continuous monitoring. It 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.

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 accordingly. 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 . 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 COVID-19 pandemic has wreaked havoc on the global economy, posing unparalleled challenges. The nation-wide lockdown in India, which began on March 25, 2020, brought economic activity to a halt. The outlook for Indian economy, remains optimistic in the long run with the vaccine rollout and economic revival. However, the resurgence of COVID-19 positive cases in the country has added uncertainty to the near-term outlook. NBFCs may face asset quality deterioration and liquidity crunch due to disruption in the economic activities.

The leading economic indicators show a positive momentum with consumer demand picking up and restored investor confidence. Survival and resumption of MSMEs is of utmost importance for growth revival and the Government has implemented ample incentive to uplift the sector. The anti-China sentiments, along with the 'Atmanirbhar Bharat' initiative and Performance Linked Incentive (PLI) scheme, offer a big opportunity for India in terms of becoming the manufacturing hub for market leaders in electronics, communications among other sectors. The Company in the past few years has made substantial investments in people, processes and technology and continues to focus on delivering steady performance leveraging on technology and digitisation.

IIFL is responsive to the changing landscape in the financial services industry. It is confidently better placed to overcome the new challenges and sustain its performance in a challenging environment.

INDEPENDENT AUDITOR'S REPORT

To The Members of IIFL Finance Limited (formerly Known as IIFL Holdings Limited)

Report on the Audit of the Standalone Ind AS financial statements

OPINION

We have audited the standalone Ind AS financial statements of **IIFL Finance Limited** (formerly known as IIFL Holdings Limited) ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with 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 March 31, 2021, profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

EMPHASIS OF 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 other than those Emphasis of Matter Paragraph above 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	Response to Key Audit Matter
1	**Information technology (IT) systems used in financial reporting process.** The Company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. We therefore identified IT systems and controls over financial reporting as a key audit matter for the Company.	We obtained an understanding of the Company's IT control environment relevant to the audit. We tested the design, implementation and operating effectiveness of the Company's General IT controls over the key IT systems which are critical to financial reporting. We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements. In addition to above, we have also relied on the work of the internal auditors and system auditors.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr.No	Key Audit Matter	Response to Key Audit Matter
2	**Impairment of Financial Assets held at amortised cost:** Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in Indian Accounting Standard (IND AS) 109 and the management estimation of the related impairment provisions. this is considered to be a key audit matter. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Refer Note 36A.3 to the Financial Statements.	We evaluated appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding. We assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. We evaluated management's controls over collation of relevant information used for determining estimates for management overlays. We tested review controls over measurement of impairment allowances and disclosures in financial statements.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion and Analysis report but does not include the 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 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'.

Responsibilities of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards specified under Sec 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness

INDEPENDENT AUDITOR'S REPORT (Contd.)

of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company 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 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 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 financial statements, including the disclosures, and whether the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the 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 the Companies (Auditor's Report) Order,

INDEPENDENT AUDITOR'S REPORT (Contd.)

2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the financial statements.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose or preparation of the financial statements.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 managing director 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, in our opinion and to the best of our information and according to the explanations given to us : -

      (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note No 37 of the financial statements.

      (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

      (iii) There has not been any delay in transferring amounts which requires to be transferred to the Investor Education and Protection Fund by the Company.

For **V. SANKAR AIYAR & CO.,**
Chartered Accountants
(FRN 109208W)

(G.SANKAR)
(M.No.46050)
UDIN: 21046050AAAADW4848

Place: Mumbai
Date: May 06,2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in our report of even date to the members of IIFL Finance Limited (formerly known as IIFL Holdings Limited) on the accounts for the year ended 31st March 2021

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the Company has a phased programme of verification of fixed assets once in 3 years which in our opinion is reasonable considering the size of the Company and nature of its fixed assets. Based on the information and explanation given to us and on verification of the records of the Company, the Company has physically verified the fixed assets during the year and no material discrepancies were observed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties which are freehold are held in the name of the Company.

(ii) The Company is not carrying on any trading or manufacturing activity. Therefore Para 3(ii) of the Order is not applicable to the Company

(iii) The Company has granted loans, unsecured to 4 companies covered in the register maintained under Section 189 of the Companies Act, 2013:

(a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the Companies were not, prima facie, prejudicial to the interests of the Company;

(b) The borrowers have been regular in the payment of the principal and interest as stipulated;

(c) There are no overdue amounts as at the balance sheet date, in respect of these loans.

(iv) The Company is registered Non-Banking Finance Company to which the provisions of section 185 and 186 of the Act are not applicable and hence reporting under clause (iv) is not applicable

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) The maintenance of cost records has not been specified by Central Government under Section 148(1) of the Companies Act,2013 for the Company.

(vii) (a) According to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, value added tax, goods and services tax, cess and other statutory dues as applicable to the Company with the appropriate authorities. We are informed that the provisions of Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.

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 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit of disputed dues of sales tax or duty of customs or duty of excise. According to the information and explanations given to us, the following dues of income tax, service tax and Goods and service tax have not been deposited by the Company on account of dispute as at March 31,2021:

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	40.60
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2011-12	25.39	14.80
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2012-13	80.28	41.89
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	38.50	21.73
Income Tax Act, 1961	Income Tax	ITAT	AY 2012-13	-	5.85
Income Tax Act, 1961	Income Tax	ITAT	AY 2013-14	-	3.83

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

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	ITAT	AY 2014-15	-	-
Income Tax Act, 1961	Income Tax	ITAT	AY 2016-17	-	13.95
Income Tax Act, 1961	Income Tax	ITAT	AY 2017-18	-	48.63
The Finance Act, 1994	Service tax	Adjudicating Authority	Apr 2007 to March 2012	2.24	0.04
The Finance Act, 1994	Service tax	CESTAT Mumbai	April 2007 to 13 May 2008	126.76	2.15
The Finance Act, 1994	Service tax	CESTAT Mumbai	July 2012 to March 2014	150.77	3.39
The Finance Act, 1994	Service tax	CESTAT Mumbai	July 2012 to March 2014	316.81	13.34
Goods and Service tax Act	GST	GST Appeal Mumbai	01st July '17 to 31st March '19	1.99	-

(viii) According to the information and explanation given to us and based on our audit procedures, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders.

(ix) According to the information and explanations given to us, money raised by way of public issue of Non -Convertible Debenture and 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) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, there have been instances of fraud on the Company by its employees amounting to ₹ 126.71 million. No fraud by the Company has been noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on verification of records, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

(xii) In our Opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence clause (xii) of the order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on verification of the records and approvals of the Audit Committee, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures 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 **V. SANKAR AIYAR & CO.,**
Chartered Accountants
(FRN 109208W)

(G.SANKAR)
(M.No.46050)
UDIN: 21046050AAAADW4848

Place: Mumbai
Date: May 06,2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in our report of even date to the members of IIFL Finance Limited (formerly Known as IIFL Holding Limited) on the standalone accounts for the year ended 31st March 2021

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IIFL Finance Limited (formerly Known as IIFL Holding Limited) ("the Company") as of March 31st, 2021 in conjunction with our audit of the standalone 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, 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, 2021 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.

For **V. SANKAR AIYAR & CO.,**
Chartered Accountants
(FRN 109208W)

(G.SANKAR)
(M.No.46050)
UDIN: 21046050AAAADW4848

Place: Mumbai
Date: May 06,2021

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in Millions)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
[1] Financial assets			
(a) Cash and cash equivalents	4	20,518.72	6,062.71
(b) Bank balance other than (a) above	5	15,406.27	10,444.00
(c) Derivative financial instruments	6	416.88	2,405.21
(d) Receivables			
(i) Trade receivables	7	1,593.73	122.20
(ii) Other receivables	7	5.10	-
(e) Loans	8	155,942.99	142,191.73
(f) Investments	9	12,042.57	19,585.47
(g) Other financial assets	10	2,079.67	1,623.10
		208,005.93	**182,434.42**
[2] Non-financial assets			
(a) Current tax assets (net)		2,468.67	1,946.04
(b) Deferred tax assets (net)	11	2,063.60	2,028.08
(c) Investment property	12	2,640.02	2,030.24
(d) Property, plant and equipment	13	955.44	1,012.00
(e) Capital work-in-progress		65.60	24.94
(f) Right to use assets	14	2,793.94	2,486.56
(g) Other intangible assets	15	9.15	6.39
(h) Other non-financial assets	16	3,104.90	1,534.09
		14,101.32	**11,068.34**
Total assets		**222,107.25**	**193,502.76**
LIABILITIES AND EQUITY			
Liabilities			
[1] Financial liabilities			
(a) Derivative financial instruments	6	1,186.69	267.63
(b) Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	17	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	17	664.22	477.28
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Finance lease obligation	14	3,054.22	2,613.31
(d) Debt securities	18	53,446.73	58,188.16
(e) Borrowings (other than debt securities)	19	92,179.83	69,315.91
(f) Subordinated liabilities	20	17,373.98	16,304.08
(g) Other financial liabilities	21	14,854.73	9,164.14
		182,760.40	**156,330.51**
[2] Non-financial liabilities			
(a) Current tax liabilities (net)		185.44	180.42
(b) Provisions	22	315.63	452.81
(c) Other non-financial liabilities	23	638.46	460.94
		1,139.53	**1,094.17**
Total Liabilities		**183,899.93**	**157,424.68**
[3] Equity			
(a) Equity share capital	24	757.68	756.68
(b) Other equity	24.1	37,449.64	35,321.40
		38,207.32	**36,078.08**
Total Liabilities and Equity		**222,107.25**	**193,502.76**
See accompanying notes forming part of the financial statements	1 - 56		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: May 06, 2021

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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Millions)

Sr. No	Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
	Revenue from operations			
(i)	Interest income	25.1	30,703.91	25,143.71
(ii)	Dividend income	25.2	701.88	441.81
(iii)	Fees and commission income		362.31	480.78
(iv)	Net gain on fair value changes	26	1,553.43	-
(v)	Net gain on derecognition of financial instruments under amortised cost category	29	651.15	429.91
(I)	**Total revenue from operations**		**33,972.68**	**26,496.21**
(II)	**Other income**	27	389.37	215.79
(III)	**Total Income (I+II)**		**34,362.05**	**26,712.00**
	Expenses			
(i)	Finance costs	28	15,549.75	12,483.57
(ii)	Net loss on fair value changes	26	-	943.69
(iii)	Net loss on derecognition of financial instruments under amortised cost category	29	5,686.45	3,540.74
(iv)	Impairment on financial instruments	30	1,980.68	(676.27)
(v)	Employee benefits expenses	31	4,071.14	4,407.39
(vi)	Depreciation, amortisation and impairment	13, 14 & 15	908.83	894.09
(vii)	Other expenses	32	2,420.75	2,798.50
(IV)	**Total Expenses (IV)**		**30,617.60**	**24,391.71**
(V)	**Profit before exceptional items and tax (III-IV)**		**3,744.45**	**2,320.29**
(VI)	Exceptional items	33	530.50	46.06
(VII)	**Profit before tax (V +VI)**		**4,274.95**	**2,366.35**
(VIII)	**Tax expense:**			
	(1) Current tax	34	972.83	419.33
	(2) Deferred tax	11 & 34	(167.48)	98.60
	(3) Current tax expenses relating to previous years	34	43.83	(20.69)
Total tax expense			**849.18**	**497.24**
(IX)	**Profit before impact of change in the rate of opening deferred tax (VII-VIII)**		**3,425.77**	**1,869.11**
(X)	Impact of change in the rate of opening deferred tax	11	-	381.08
(XI)	**Profit for the year (IX-X)**		**3,425.77**	**1,488.03**
(XII)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit liability/(asset)	34	8.99	(33.22)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 34	(2.26)	8.36
	Subtotal (A)		**6.73**	**(24.86)**
	(B) (i) Items that will be reclassified to profit or loss			
	(a) Cash flow hedge (net)	34	(291.04)	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	11 & 34	73.24	-
	Subtotal (B)		**(217.80)**	**-**
	Other Comprehensive Income (A+B)		**(211.07)**	**(24.86)**
(XIII)	**Total Comprehensive Income for the year**		**3,214.70**	**1,463.17**
(XIV)	**Earnings per equity share of face value ₹ 2 each**	35		
	Basic (₹)		9.05	3.94
	Diluted (₹)		9.03	3.93
See accompanying notes forming part of the financial statements		1 - 56		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: May 06, 2021

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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2021		Year ended March 31, 2020	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**4,274.95**		**2,366.35**
Adjustments for:					
Depreciation, amortisation and impairment	13, 14 & 15	908.83		894.09	
Impairment on loans	30	1,691.11		(719.10)	
Impairment on other financial instruments		289.58		4.33	
(Profit)/ loss on sale of assets		1.53		6.19	
(Gain)/ loss on termination - Ind AS 116		(4.45)		(12.20)	
Net (gain)/ loss on fair value changes on investments-realised	26 & 33	(2,043.68)		958.05	
Net (gain)/ loss on fair value changes on investments-unrealised	26	(40.25)		(14.36)	
Net (gain)/ loss on derecognition of financial instruments under amortised cost	29	(651.15)		(429.91)	
Employee benefit expenses - share based		4.36		89.36	
Employee benefit expenses - others		78.41		48.39	
Exchange fluctuation on foreign currency borrowings realised		(23.46)		8.31	
Exchange fluctuation on foreign currency borrowings unrealised		(1,436.77)		2,206.05	
MTM on derivatives financial instruments		2,137.58		(2,137.58)	
Forward premium for hedge accounting		810.01		-	
Net (gain)/ loss on future contract		-		(15.37)	
Interest on loans		(30,015.51)		(23,652.21)	
Interest on deposits with banks	25.1	(530.90)		(689.64)	
Interest on investments	25.1	(157.50)		(113.43)	
Dividend income	25.2	(701.88)		(441.81)	
Finance cost		13,784.18		12,687.74	
Interest expenses - Ind AS 116	14	245.87		211.60	
Net (gain)/ loss on buy back of commercial paper		-		8.21	
Net (gain)/ loss on buy back of debentures		(2.67)		(546.19)	
Income received on loans		23,257.46		23,604.88	
Interest received on deposits with banks		549.51		706.77	
Income received on investments		162.18		49.09	
Finance cost paid		(13,067.18)	(4,754.79)	(12,640.00)	71.27
Operating profit/(loss) before working capital changes			**(479.84)**		**2,437.62**
Decrease/ (increase) in financial and non financial assets		(3,079.94)		18,558.03	
Increase/(decrease) in financial and non financial liabilities		6,005.72	2,925.78	(4.29)	18,553.74
Cash (used in)/ generated from operations			**2,445.94**		**20,991.36**
Taxes paid			(1,331.32)		(919.50)
Net cash (used in)/ generated from operating activities			**1,114.62**		**20,071.86**
Loans (disbursed)/ repaid (net)			(9,057.89)		(18,985.13)
Net cash (used in)/ generated from operating activities (A)			**(7,943.27)**		**1,086.73**

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and other intangible assets		(321.31)	(462.50)
Sale of property, plant and equipment and other intangible assets		15.77	47.37
Purchase of equity investments in subsidiary		(675.00)	(1,500.00)
Proceeds from equity investment in subsidiary		1,321.23	-
Investment in debentures of subsidiary		-	(472.83)
Redemption in debentures of subsidiary		499.88	471.96
Purchase of investment property		(63.08)	-
Proceeds from investment property		-	20.00
Purchase of investments		(168,775.96)	(550,358.55)
Proceeds from sale/ maturity of investments		176,838.47	544,966.98
Dividend income		701.88	441.81
Deposits placed with banks		(82,259.45)	(36,869.86)
Proceeds from maturity of deposits placed with banks		77,299.39	36,493.21
Net cash (used in)/ generated from investing activities (B)		**4,581.82**	**(7,222.41)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share		45.59	20.45
Adjustment due to Composite Scheme of Arrangement on account of merger		-	(22.09)
Dividend paid (including dividend distribution tax)		(1,135.41)	(896.39)
Proceeds from debt securities		195,501.80	160,092.29
Repayment of debt securities		(199,935.10)	(176,536.84)
Proceeds from borrowings (other than debt securities)		121,298.60	132,906.30
Repayment of borrowings (other than debt securities)		(97,956.56)	(113,931.32)
Proceeds from subordinated liabilities		6,708.60	7,067.08
Repayment of subordinated liabilities		(6,010.29)	(2.50)
Payment of Lease Liability		(699.77)	(645.89)
Net cash (used in)/ generated from financing activities (C)		**17,817.46**	**8,051.09**
Net increase in cash and cash equivalents (A + B + C)		**14,456.01**	**1,915.41**
Add : Opening cash and cash equivalents as at the beginning of the year		6,062.71	4,147.30
Cash and cash equivalents as at the end of the year	4	**20,518.72**	**6,062.71**
See accompanying notes forming part of the financial statements	1 - 56		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: May 06, 2021

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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

(₹ in Millions)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2021 (Refer Note 24)	756.68	1.00	757.68
As at March 31, 2020 (Refer Note 24)	638.41	118.27	756.68

B. Other Equity

(₹ in Millions)

Particulars	Share application money pending allotment (Note 1)	Reserves & Surplus								Other Comprehensive Income		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)	Effective portion of Cash Flow Hedges (Note 10)	Remeasurements of defined benefit (Note 11)	
Balance as at April 01, 2019	**-**	**838.85**	**18,310.88**	**5,048.31**	**4,637.50**	**2,301.11**	**97.00**	**3,328.38**	**95.37**	**-**	**10.45**	**34,667.85**
Profit for the year	-	-	-	-	-	-	-	1,488.03	-	-	-	1,488.03
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	(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**	**5,255.11**	**2,301.11**	**128.04**	**3,208.15**	**174.14**	**-**	**(14.41)**	**35,321.40**
Profit for the year	-	-	-	-	-	-	-	3,425.77	-	-	-	3,425.77
Other Comprehensive Income	-	-	-	-	-	-	-		-	(217.80)	6.73	(211.07)
Interim dividend	-	-	-	-	-	-	-	(1,135.41)	-	-	-	(1,135.41)
Transfer to/ from reserves	-	-	12.62	6.82	686.80	-	-	(686.80)	(19.44)	-	-	-
Addition during the year	-	-	44.59	-	-	-	-	-	4.36	-	-	48.95
Balance as at March 31, 2021	**-**	**838.85**	**18,401.57**	**5,092.87**	**5,941.91**	**2,301.11**	**128.04**	**4,811.71**	**159.06**	**(217.80)**	**(7.68)**	**37,449.64**

Notes:

1. **Share application money pending allotment:** Money received for share application for which allotment is pending.
2. **Capital Reserve:** 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.

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.
10. **Effective portion of Cash Flow Hedges:**These reserve refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
11. **Remeasurements of defined benefit:** These reserve refers to remeasurement of gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets of the defined benefit plan.

See accompanying notes forming part of the financial statements (1 - 56)

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: May 06, 2021

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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

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 gold loan, loans to Micro, small & medium enterprise ("MSME"), loan against securities

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 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are 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 requires 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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company'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.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

Long term employee benefits: The obligation recognised in respect of long term benefits being 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 is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans and the reversal of temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 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 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

(n) Foreign currencies

In preparing the financial statements, 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 and hedging

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures relating to foreign currency borrowings. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

The Company designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity. The forward cost are separately accounted for as a cost of hedging and are recognised in OCI and accumulated in a cost of hedging reserve as a separate component within equity.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated under the heading of Cash Flow Hedge Reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss, and is included in the other Income line item.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 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.

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-to-use assets and lease liabilities for these leases.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	202.19	799.73
Cheques on hand	-	-
Balance with Banks - In current accounts	20,210.04	1,962.37
- In Deposit accounts	106.32	3,300.00
- Interest accrued on above fixed deposits	0.17	0.61
Total	**20,518.72**	**6,062.71**

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

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	116.53	95.70
In Deposit accounts (refer note 5.1 below)	15,230.05	10,270.00
Interest accrued on fixed deposits	59.69	78.30
Total	**15,406.27**	**10,444.00**

Note 5.1 Out of the Fixed Deposits shown above

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Lien marked	10,713.29	5,978.41
Margin for credit enhancement	4,516.76	4,027.59
Other deposits	-	264.00
Total	**15,230.05**	**10,270.00**

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Millions)

Part I	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives						
- Spot and forwards	39,396.29	416.88	973.81	40,648.82	2,405.21	-
(ii) Interest rate derivatives						
- Forward rate agreements and interest rate swaps	6,955.00	-	212.88	6,955.00	-	267.63
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	-	-	-
Total Derivative Financial Instruments	**46,351.29**	**416.88**	**1,186.69**	**47,603.82**	**2,405.21**	**267.63**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Part II	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging	-	-	-	-	-	-
(ii) Cash flow hedging						
- Currency derivatives	39,396.29	416.88	973.81	-	-	-
- Interest rate derivative	6,955.00		212.88	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives	-	-	-	-	-	-
- Currency derivative				40,648.82	2,405.21	-
- Interest rate derivative		-		6,955.00	-	267.63
Forward exchange contract	-	-	-	-	-	-
Total Derivative Financial Instruments	**46,351.29**	**416.88**	**1,186.69**	**47,603.82**	**2,405.21**	**267.63**

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, 2021						
Derivative Asset	6,870.00	416.88	-	-	6,870.00	416.88
Derivative Liabilities	39,481.29	1,186.69	-	-	39,481.29	1,186.69
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

Note: During the previous year ended March 31, 2020 the Company had open derivatives contracts of US$ 2,643,750 without any corresponding financial instruments. The Company had subsquently cancelled the same on May 26, 2020.

6.1 Hedging activities and derivatives

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

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 interest rate swaps.

The Company is exposed to interest rate risk arising from its foreign currency borrowings. Interest on the borrowing is payable at a floating rate linked to US$ LIBOR plus Margin. The Company has hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' interest rate swap.

The Company uses Interest Rate Swaps (IRS) Contracts (Floating to Fixed) and Forward Exchange Contracts to hedge its risks associated with interest rate and currency risk arising from the foreign currency loans. The Company designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS standards. These contracts are stated at fair value of the spot element of the forward exchange contracts at each reporting date. Changes in the fair value of these contracts that are designated as effective hedge of future cash flows are recognised directly in the "Cash Flow Hedge Reserve" under Other Comprehensive Income and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedged instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Notional amount	46,351.29	-
Carrying amount	769.81	-
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 (Profit/ (Loss))	(217.80)	-

(₹ in Millions)

Impact of hedging item	As at March 31, 2021	As at March 31, 2020
Change in fair value (Profit/ (Loss))	(217.80)	-
Cash flow hedge reserve (Profit/ (Loss))	(217.80)	-
Cost of hedging	-	-

(₹ in Millions)

Effect of Cash flow hedge	As at March 31, 2021	As at March 31, 2020
Total hedging gain / (loss) recognised in OCI	(217.80)	-
Ineffectiveness recognised in profit or (loss)	-	(53.10)

NOTE 7. RECEIVABLES

(₹ in Millions)

Receivables	As at March 31, 2021	As at March 31, 2020
(i) Trade Receivables		
Receivables considered good - Secured	1,564.65	-
Receivables considered good - Unsecured *	29.08	122.20
Receivables - credit impaired	2.95	2.95
Total (i) - Gross	**1,596.68**	**125.15**
Less: Impairment loss allowance	(2.95)	(2.95)
Total (i) - Net	**1,593.73**	**122.20**
(ii) Other Receivables		
Receivables considered good - Unsecured	5.10	-

* Including receivables from Group/Subsidiaries Company (refer note 40.2)

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.
2. The Company has 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 8. LOANS

(₹ in Millions)

Particulars	As at March 31, 2021		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	94,549.65	29,139.42	123,689.07
(ii) Non Convertible Debentures - for financing real estate projects	22,713.41	-	22,713.41
(iii) Inter corporate deposit	4,842.14	-	4,842.14
(iv) Others (Dues from Customers etc)	13,028.09	-	13,028.09
Total (A) - Gross	**135,133.29**	**29,139.42**	**164,272.71**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 2,087.08 million and Stage 3 Interest ₹ 560.88 million)	(8,095.05)	(234.67)	(8,329.72)
Total (A) - Net	**127,038.24**	**28,904.75**	**155,942.99**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	112,943.47	25,962.75	138,906.22
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	1,478.08	-	1,478.08
(iv) Unsecured	20,711.74	3,176.67	23,888.41
Total (B) - Gross	**135,133.29**	**29,139.42**	**164,272.71**
Less: Impairment loss allowance	(8,095.05)	(234.67)	(8,329.72)
Total (B) - Net	**127,038.24**	**28,904.75**	**155,942.99**
(C)			
(I) Loans in India	**135,133.29**	**29,139.42**	**164,272.71**
(i) Public Sector	-	-	-
(ii) Others	135,133.29	29,139.42	164,272.71
Less: Impairment loss allowance	(8,095.05)	(234.67)	(8,329.72)
Total (C) (I) - Net	**127,038.24**	**28,904.75**	**155,942.99**
(II) Loans outside India	**-**	**-**	**-**
Less: Impairment loss allowance	-	-	-
Total (C) (II) - Net	**-**	**-**	**-**
Total C (I) and C (II)	**127,038.24**	**28,904.75**	**155,942.99**

* 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
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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	78,893.74	28,513.66	107,407.40
(ii) Non Convertible Debentures - for financing real estate projects	23,787.05	-	23,787.05
(iii) Inter corporate deposit (refer note 40.2)	11,060.93	-	11,060.93
(iv) Others (Dues from Customers etc)	7,175.28		7,175.28
Total (A) - Gross	**120,917.00**	**28,513.66**	**149,430.66**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 2,973.14 million and Stage 3 Interest ₹ 1,318.26 million)	(6,973.37)	(265.56)	(7,238.93)
Total (A) - Net	**113,943.63**	**28,248.10**	**142,191.73**
(B)			-
(i) Secured by tangible assets (refer note 8.1 and 8.2)	86,394.50	24,543.88	110,938.38
(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	**120,917.00**	**28,513.66**	**149,430.66**
Less: Impairment loss allowance	(6,973.37)	(265.56)	(7,238.93)
Total (B) - Net	**113,943.63**	**28,248.10**	**142,191.73**
(C)			-
(I) Loans in India	**120,917.00**	**28,513.66**	**149,430.66**
(i) Public Sector	-	-	-
(ii) Others	120,917.00	28,513.66	149,430.66
Less: Impairment loss allowance	(6,973.37)	(265.56)	(7,238.93)
Total (C) (I)-Net	**113,943.63**	**28,248.10**	**142,191.73**
(II) Loans outside India	**-**	**-**	**-**
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	**-**	**-**	**-**
Total C (I) and C (II)	**113,943.63**	**28,248.10**	**142,191.73**

* 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 ₹ 2,664.76 million (P.Y ₹ 3,434.30 million) in respect of which the creation of security is under process.

8.3 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 included 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. 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. The Company as on March 31, 2021 as a management overlay on account of COVID is carrying additional ECL provision of ₹ 1,206.39 million (P.Y ₹ 1,382.55 million).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 9. INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2021		
	At Fair Value through Profit and Loss	At Cost	Total
(A)			
Mutual funds	118.18	-	118.18
Alternate investment funds	71.06	-	71.06
Equity instruments:			
in subsidiaries	-	11,853.33	11,853.33
in others	-	-	-
Total – Gross (A)	**189.24**	**11,853.33**	**12,042.57**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	189.24	11,853.33	12,042.57
Total – (B) to tally with Total (A)	**189.24**	**11,853.33**	**12,042.57**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**189.24**	**11,853.33**	**12,042.57**

(₹ 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**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 9.1 Investment details script wise

Particulars	As at March 31, 2021			As at March 31, 2020		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in million)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in million)
Mutual funds			**118.18**			**66.32**
IIFL Focused Equity Fund-Direct Plan-Growth	4,562,418.45	10.00	118.18	4,562,418.45	10.00	66.32
Alternate investment fund			**71.06**			**50.01**
Phi Capital Growth Fund-I	298.40	100,000	43.08	173.97	100,000	21.17
Indiareit Apartment Fund - Class B	22.63	100,000	3.58	23.20	100,000	4.27
IIFL Income Opportunities Fund- Special Situation - Class B	932,923.14	3.9963	2.03	932,923.14	3.9963	2.04
IIFL Income Opportunities Fund- Special Situation - Class S	10,278,484.68	3.9963	22.37	10,278,484.68	3.9963	22.53
Government securities			**-**			**5,220.80**
Government securities	-	-	-	50,000,000.00	100.00	5,220.80
Debt securities (in subsidiaries)			**-**			**447.01**
8.93% IIFL Home Finance-2023 (formerly known as India Infoline Housing Finance Limited)	-	-	-	500.00	1,000,000	447.01
Debt securities (other than subsidiaries)			**-**			**0.23**
9.25% DHFL - 2023	-	-	-	8,908.00	1,000.00	0.23
Equity instruments (other than subsidiaries)			**-**			**1,813.13**
TransUnion CIBIL Limited	-	-	-	250,000.00	10.00	988.50
SBI Cards and Payment Services Limited (formerly known as SBI Cards and Payment Services Private Limited)	-	-	-	1,332,955.00	10.00	824.63
Equity instruments (in subsidiaries)			**11,853.33**			**11,969.21**
IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited)	20,968,181.00	10.00	8,254.77	20,968,181.00	10.00	8,254.77
Samasta Microfinance Limited	237,683,022.00	10.00	3,598.56	261,318,160.00	10.00	3,714.29
Clara Developers Private Limited	-	-	-	10,000.00	10.00	0.15
Others			**-**			**18.76**
IRB InvIT Fund	-	-	-	732,500.00	93.50	18.76
Total Gross			**12,042.57**			**19,585.47**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)		
Security deposits	259.45	232.24
Deposit with Exchange/Clearing Corporation of India Ltd	2.80	25.40
Interest strip asset on assignment	1,423.99	772.84
Staff advances	0.47	0.76
Insurance receivable	472.77	286.10
Less: Provisions on insurance receivable (refer note 10.1 below)	(129.26)	(59.87)
Other receivables	2.75	185.75
Accrued interest on investments	-	133.18
Other advance	46.70	46.70
(Unsecured, considered doubtful)		
Security deposits	2.81	4.90
Less : Provisions on security deposits (refer note 10.2 below)	(2.81)	(4.90)
Total	**2,079.67**	**1,623.10**

Note 10.1 Provision on Insurance Receivable:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening	59.87	71.38
Addition	72.79	6.43
Reduction	(3.40)	(17.94)
Closing	**129.26**	**59.87**

Note 10.2 Provisions on Security Deposits:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening	4.90	8.05
Addition	4.43	2.88
Reduction	(6.52)	(6.03)
Closing	**2.81**	**4.90**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities for the year ended March 31, 2021 are as follows:

(₹ in Millions)

Particulars	Opening balance (as on April 01, 2020)	Recognised in profit and loss account*	Recognised in/ reclassified from OCI	Closing balance (as on March 31, 2021)
Deferred tax assets				
Property, plant and equipment	209.38	14.82	-	224.20
Provisions, allowances for doubtful receivables / loans	1,745.21	251.72	-	1,996.93
Compensated absences and retirement benefits	34.36	0.29	(2.26)	32.39
Income amortisation (net)	(149.86)	(179.51)	-	(329.37)
Expenses deductible in future years	4.84	1.23	-	6.07
Carry-forward losses on investments	121.19	(121.19)	-	-
MTM on investment and derivative financial instruments	31.06	(36.44)	-	(5.38)
Cash flow hedge reserve	-	-	73.24	73.24
Leases- Ind AS 116	31.90	33.62	-	65.52
Total	**2,028.08**	**(35.46)**	**70.98**	**2,063.60**

* Includes prior period amount of ₹ 202.94 million.

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 01, 2019)	Transfer through slump sale (refer note 33)	Effect of Rate Change (refer note 11.1)	Recognised in profit and loss account	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
MTM on investment and derivative financial instruments	41.11	-	(16.85)	6.80	-	31.06
Leases- Ind AS 116	-	-	-	31.90	-	31.90
Total	**2,581.97**	**(82.57)**	**(381.08)**	**(98.60)**	**8.36**	**2,028.08**

Note 11.1.

The recently promulgated Taxation Laws (Amendment) Ordinance 2019 had 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 was 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.

The Company availed the option from previous year to pay income tax at the lower rate. Consequently, the opening deferred tax asset (net) was 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
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 12. INVESTMENT PROPERTY (AT COST)

(₹ in Millions)

Particulars	Property (Flats)*	Land	Total
Gross carrying value			
As at April 1, 2020	**1,555.53**	**1,058.74**	**2,614.27**
Additions during the year	-	63.08	63.08
Deductions/ adjustments during the year	-	-	-
As at March 31, 2021	**1,555.53**	**1,121.82**	**2,677.35**
Less : Impairment loss allowance	-	(37.33)	(37.33)
Net carrying value as at March 31, 2021	**1,555.53**	**1,084.49**	**2,640.02**
"Fair value as on March 31, 2021 (Fair value hierarchy : Level 3)"	1,710.10	1,084.53	2,794.63

*Distress value of above flats is ₹ 1,596.10 million.

(₹ 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 million.

Note 12.1: Management had acquired possession of these properties in satisfaction of the debts and intends to dispose them in due course, subject to conducive market conditions. These properties have been valued taking into consideration various factors such as location, facilities & amenities, quality of construction, percentage of completion of construction (as for some properties the construction is currently on hold), residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation and ready recknor published by government. These valuations 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 12.2: In respect of an investment property being situated in the city of Mumbai the Supreme Court vide their order dated October 24, 2019 held that there was deemed permission for PPL under DCR 6(4) as per notice of architect dated May 07,2011 and hence there was no question of regularisation of the PPL and no further interference was called for. Accordingly the MCGM was directed to take over the PPL and proceed further to decide the issue concerning 13 floors, i.e: 44 to 56 floors of the residential building. In view of the above the builder is permitted to continue with the construction of the building. Considering this development the Company has obtained fair value of the said property from the property valuer during the year and in accordance with the accounting policy has reversed the provision for impairment to the tune of ₹ 478.16 million.

The Company has also reversed provision for impairment in respect of another investment property to the tune of ₹ 68.54 million during the year based on the fair valuation of the land carried out by the property valuer.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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, 2020	660.02	11.50	102.24	359.31	195.93	296.07	**1,625.07**
Additions during the year	169.12	-	11.00	-	45.77	28.80	**254.69**
Deductions/ adjustments	(21.01)	-	(37.54)	-	32.96	(40.76)	**(66.35)**
As at March 31, 2021	**808.13**	**11.50**	**75.70**	**359.31**	**274.66**	**284.11**	**1,813.41**
Depreciation							
As at April 1, 2020	244.52	7.38	50.64	63.45	84.43	162.65	**613.07**
Depreciation for the year	127.76	1.98	9.74	21.15	49.62	86.84	**297.09**
Deductions/ adjustments	(7.20)	-	(14.27)	-	1.59	(32.31)	**(52.19)**
Up to March 31, 2021	**365.08**	**9.36**	**46.11**	**84.60**	**135.64**	**217.18**	**857.97**
Net block as at March 31, 2021	**443.05**	**2.14**	**29.59**	**274.71**	**139.02**	**66.93**	**955.44**

(₹ 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**

NOTE 14. LEASES

(i) As a Lessee

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

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2020	**2,478.39**	**8.17**	**2,486.56**
Addition during the year	987.79	0.56	988.35
Deduction/Adjustment	(88.17)	(1.12)	(89.29)
Depreciation during the year	(588.51)	(3.17)	(591.68)
Closing Balance as at March 31, 2021	**2,789.50**	**4.44**	**2,793.94**

(₹ 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 AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	480.76	426.11
Non-current lease liabilities	2,573.46	2,187.20
Total	**3,054.22**	**2,613.31**

c) Movement in lease liabilities:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2020	**2,604.81**	**8.50**	**2,613.31**
Addition during the year	987.79	0.56	988.35
Deduction/Adjustment	(92.38)	(1.16)	(93.54)
Finance cost accrued during the period	245.27	0.60	245.87
Payment of lease liabilities	(696.10)	(3.67)	(699.77)
Closing Balance as at March 31, 2021	**3,049.39**	**4.83**	**3,054.22**

(₹ 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**

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

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	712.31	621.82
One to two years	697.95	560.66
Two to five years	1,548.28	1,384.91
More than five years	1,121.78	858.38
Total	**4,080.32**	**3,425.77**

e) Rental expense recorded for short-term leases was ₹ 7.84 million (P.Y ₹ 86.59 million)

f) Amounts recognised in profit or loss

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on lease liabilities	245.87	211.60
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	2.84	4.25
Depreciation for the year	591.68	566.83
Total	**840.39**	**782.68**

g) Amounts recognised in the statement of cash flows

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total cash outflow for leases	699.77	645.89

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(ii) As a Lessor

Operating Lease

The Company had entered into operating lease for one of its office premises. The lease had tenure 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 rent recognised as income during the year is ₹ 26.62 million (P.Y ₹ 32.88 million). Future minimum rentals receivable under non-cancellable operating leases as at March 31, 2021 are, as follows:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
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	Software
Cost or valuation as at April 1, 2020	**39.24**
Additions during the year	22.84
Deductions /Adjustments	-
As at March 31, 2021	**62.08**
Amortisation	
As at April 1, 2020	**32.85**
Amortisation during the year	20.08
Up to March 31, 2021	**52.93**
Net block as at March 31, 2021	**9.15**

(₹ in Millions)

Particulars	Software
Cost or valuation as at April 1, 2019	**36.73**
Additions during the year	2.59
Deductions /Adjustments	(0.08)
As at March 31, 2020	**39.24**
Amortisations	
As at April 1, 2019	**21.48**
Amortisation during the year	11.37
Up to March 31, 2020	**32.85**
Net block as at March 31, 2020	**6.39**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 16. OTHER NON-FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Prepaid expenses	109.73	255.03
Receivable from securitisation trust	2,312.07	843.04
Advances for operational expenses*	501.04	260.87
Deposits with government	18.92	18.92
GST input	159.43	155.13
Advance towards gratuity (refer note 31.2)	2.35	-
Other assets	1.36	1.10
Total	**3,104.90**	**1,534.09**

* Includes foreign currency payments amounting to ₹ 90.70 million (P.Y ₹ 90.70 million)

NOTE 17. PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 17.1)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	115.28	36.17
Accrued salaries and benefits	22.55	45.46
Provision for expenses	518.79	393.30
Other trade payables *	7.60	2.35
Total	**664.22**	**477.28**

* Inlcuding payable to Group /Subsidiaries Companies (refer note 40.2)

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	2020-2021	2019-2020
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 18. DEBT SECURITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2021	As at March 31, 2020
(i) Non Convertible Debentures (refer note (a) and (b) and 18.1 below) - Secured	51,809.28	57,123.20
Less : Unamortised debenture issue expenses	(266.23)	(383.15)
Less : Unexpired discount on NCD	(36.29)	(56.19)
(ii) Interest accrued but not due	1,939.97	1,504.30
Total (A)	**53,446.73**	**58,188.16**
Debt securities in India	24,698.91	29,107.90
Debt securities outside India (refer note (b))	28,747.82	29,080.26
Total (B) to tally with (A)	**53,446.73**	**58,188.16**

(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) During the previous year the Company had borrowed ₹ 28,557.00 million (equivalent to US$ 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, 2021		As at March 31, 2020	
	Rate of Interest/ Yield	Amount (₹ in million)	Rate of Interest/ Yield	Amount (₹ in million)
Non Convertible Debentures (secured)		**51,809.28**		**57,123.20**
Fixed:		**49,573.63**		**46,853.57**
3-5 Years	-	-	9.75% - 10.20%	32,058.40
1-3 Years	8.00% - 11.09%	37,196.83	8.00% - 10.20%	9,420.17
Less than 1 year	7.70% - 10.20%	12,376.80	9.75% - 10.20%	5,375.00
Floating:^		**-**		**5,000.00**
Less than 1 year	-	-	8.77%	5,000.00
Zero Coupon:		**2,235.65**		**5,269.63**
1-3 Years	9.5% - 9.85%	805.53	8.75% - 9.85%	2,270.85
Less than 1 year	8.75% - 9.50%	1,430.12	8.75% - 10.00%	2,998.78
TOTAL		**51,809.28**		**57,123.20**

^The floating rate Non Convertible Debentures are linked with Government securities / Treasury Bills interest rates plus applicable spread.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 18.2. - Non Convertible Debenture - instrument wise details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
Zero Coupon Non Convertible Debentures with Date of Maturity 07/04/2020	8.85%	-	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A11. Date of Maturity 20/04/2020	9.30%	-	1,093.00
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
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
Secured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	8.77%	-	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
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
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series I. Date of Maturity 06/12/2020	10.00%	-	952.69
8.00% 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	1,070.12
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2021	10.20%	2,875.00	2,875.00
8.00% 10 Year G-SEC Rate Linked Secured Rated Listed Redeemable Non Convertible Debenture Series D8. Date of maturity 01/12/2021	8.00%	751.80	-
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D6. Date of Maturity 07/01/2022	8.00%	2,000.00	-
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D7. Date of maturity 18/02/2022	8.00%	1,000.00	-
7.70% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D12. Date of maturity 24/03/2022	7.70%	1,000.00	-
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D9. Date of maturity 30/03/2022	8.00%	2,250.00	-
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%	364.44	380.38

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debenture. Series II - Category II,III & IV. Date of Maturity 07/05/2022	9.60%	437.10	468.79
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D10. Date of maturity 17/05/2022	8.00%	1,000.00	-
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D11. Date of maturity 26/05/2022	8.00%	250.00	-
Zero Coupon Secured Non Convertible Debentures - NIFTY ENHANCER STRUCTURE - MLD 2022. D3 Option II. Date of Maturity 27/09/2022	9.50%	254.50	254.50
9.50% Secured Non Convertible Debentures - Tranche II. Series II. Date of Maturity 06/12/2022	9.50%	343.16	360.07
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series III. Date of Maturity 06/12/2022	9.85%	113.93	117.44
9.85% Secured Non Convertible Debentures - Tranche II. Series IV. Date of Maturity 06/12/2022	9.85%	646.96	649.72
9.75% Secured Redeemable Non Convertible Debentures - Series D4. Date of Maturity 17/01/2023	9.85%	50.00	50.00
5.875% Secured MTN Dollar Bond. Date of Maturity- 20/04/2023 *	11.09%	28,074.23	29,023.57
9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D5. Date of maturity 08/05/2023	9.00%	1,000.00	-
9.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series III. Date of Maturity 07/02/2024	9.75%	1,729.16	1,812.85
10.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV. Date of Maturity 07/02/2024	10.20%	1,133.88	1,221.97
TOTAL		**51,809.28**	**57,123.20**

* Includes hedging cost

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 19. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2021	As at March 31, 2020
(A)		
(a) Term loan (refer note 19.1 below)		
(i) From banks and financial institution (refer note (a))	40,542.59	31,036.61
(ii) From others (refer note (b))	7,311.00	7,538.59
Less : Prepaid expenses	(255.64)	(126.86)
(b) Other loans (refer note 19.2 below)		
(i) Cash credit/ overdraft (refer note (a) below)	5,433.07	7,829.56
(ii) Securitisation liability	39,138.16	22,405.61
Less : Prepaid expenses	(104.09)	-
(c) Inter corporate deposit (refer note 40.2)	-	500.00
(d) Interest accrued but not due	114.74	132.40
Total (A)	**92,179.83**	**69,315.91**
(B)		
Borrowings in India	84,872.52	61,797.33
Borrowings outside India (refer note (b))	7,307.31	7,518.58
Total (B) to tally with (A)	**92,179.83**	**69,315.91**

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 previous year the Company had borrowed an amount of ₹ 6,870.00 million (equivalent to US$ 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

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Rate of Interest/ Yield	Amount (₹ in million)	Rate of Interest/ Yield	Amount (₹ in million)
(i) From Banks and Financial Institution				
Floating:*		**40,542.59**		**31,036.61**
More than 5 years	-	-	9.35%	250.00
3 - 5 Years	8.50% - 10.30%	8,377.39	9.35% - 10.30%	4,088.82
1 - 3 Years	8.50% - 10.30%	19,445.30	9.10% - 10.30%	15,837.46
Less than 1 year	6.21% - 10.30%	12,719.90	9.00% - 10.50%	10,860.33
(ii) From Others				
Floating:**		**7,311.00**		**7,538.59**
3 - 5 Years	8.62%	7,311.00	8.62%	7,538.59
Total		**47,853.59**		**38,575.20**

* 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

** 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

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Rate of Interest/ Yield	Amount (₹ in million)	Rate of Interest/ Yield	Amount (₹ in million)
Floating:				
Cash credit/ overdraft : Less than 1 year ***	3.75% - 10.50%	5,433.07	6.97% - 10.95%	7,829.56
Securitisation liability				
Fixed:		**33,031.36**		**13,005.14**
More than 5 years	-	-	-	-
3- 5 Years	10.00%	713.81	10.03% - 10.10%	9.36
1-3 Years	7.50% - 10.10%	28,430.53	10.05% - 10.10%	2,373.43
Less than 1 year	7.72%	3,887.02	9.57% - 10.75%	10,622.35
Project IRR		**6,106.80**		**9,400.47**
Less than 1 year	20.23% - 20.89%	6,106.80	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		**44,571.23**		**30,735.17**

***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.

NOTE 20. SUBORDINATED LIABILITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2021	As at March 31, 2020
(A)		
(i) Non Convertible Debentures (unsecured)	16,407.52	15,709.21
Less: Unamortised debenture issue expenses	(295.05)	(154.19)
(ii) Interest accrued but not due	1,261.51	749.06
Total (A)	**17,373.98**	**16,304.08**
(B)		
Subordinated liabilities in India	13,890.80	12,836.94
Subordinated liabilities outside India	3,483.18	3,467.14
Total (B) to tally with (A)	**17,373.98**	**16,304.08**

Note 20.1 - Terms of repayment

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Rate of Interest/ Yield	Amount (₹ in million)	Rate of Interest/ Yield	Amount (₹ in million)
Non Convertible Debenture (unsecured)				
Fixed		**11,878.54**		**8,401.39**
More than 5 years	8.70% - 10.50%	10,739.29	8.70% - 10.50%	4,971.39
3- 5 Years	10.00%	259.25	12.10%	100.00
1-3 Years	12.10% - 12.20%	530.00	10.50% - 12.20%	780.00
Less than 1 year	10.50% - 10.75%	350.00	10.75% - 11.25%	2,550.00
Zero Coupon		**4,528.98**		**7,307.82**
More than 5 years	9.35% - 10.03%	1,181.44	9.35% - 10.50%	557.82
3- 5 Years	10.50%	57.83	-	-
1-3 Years	-	-	9.00%	6,750.00
Less than 1 year	9.00%	3,289.71	-	-
Total		**16,407.52**		**15,709.21**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 20.2 - Non Convertible Debentures - instrument wise details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
10.75% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	10.75%	-	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
11.25% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 05/09/2020	11.25%	-	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%	1,130.09	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%	2,159.62	4,000.00
12.15% Unsecured Redeemable Non-Convertible Debenture. Date of Maturity 30/08/2022	12.15%	200.00	200.00
12.20% 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	259.25
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity 06/06/2025	10.50%	57.83	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
9.00% 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
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Date of Maturity 07/02/2029	10.00%	307.65	307.65
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Date of Maturity 07/02/2029	10.50%	154.48	154.48
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series I . Date of Maturity 24/06/2028	10.00%	2,746.92	-
9.60% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series II . Date of Maturity 24/06/2028	9.60%	3,280.24	-
Zero Coupon Unsecured Rated Listed Redeemable Non Convertible Debenture. Series III . Date of Maturity 24/06/2028	10.03%	681.44	-
TOTAL		**16,407.52**	**15,709.21**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 21. OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Payable on account of assignment/securitisation	14,454.01	988.26
Temporary overdrawn bank balances	128.15	36.01
Payables towards NCD	26.87	30.39
Unpaid dividends	5.52	13.57
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)	240.18	48.10
Total	**14,854.73**	**9,164.14**

Note 21.1 During the year, ₹ 3.20 million (P.Y ₹ 1.29 million) was transferred to Investor Education and Protection Fund. ₹ 0.66 million (P.Y ₹ 0.95 million) pending to be transferred as on March 31, 2021 was transferred within 30 days of becoming due. As on March 31, 2020 ₹ 0.03 million pending transfer due to pandemic and for which extension was granted was transferred during the year.

NOTE 22. PROVISIONS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits	196.30	168.87
Provision for leave encashment	82.93	65.76
Provision for gratuity (refer note 31.2)	-	24.71
ECL provision on sanctioned undisbursed loans	36.40	193.47
Total	**315.63**	**452.81**

NOTE 23. OTHER NON-FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Income received in advance	28.22	28.77
Advances from customers	491.37	363.67
Statutory remittances	118.87	68.50
Total	**638.46**	**460.94**

NOTE 24: EQUITY SHARE CAPITAL

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

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised Share Capital		
2,355,250,000 Equity Shares (P.Y 2,355,250,000) of ₹ 2 each	4,710.50	4,710.50
500,000,000 Preference Shares (P.Y 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		
378,840,676 Equity Shares (P.Y 378,340,922) of ₹ 2 each fully paid with voting rights	757.68	756.68
Total	**757.68**	**756.68**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in million	No. of Shares	₹ in million
Equity Shares				
At the beginning of the year	378,340,922	756.68	319,203,092	638.41
Add: Shares issued during the year	499,754	1.00	483,274	0.96
Add: Shares issued due to Composite Scheme of Arrangement	-	-	58,654,556	117.31
Outstanding at the end of the year	**378,840,676**	**757.68**	**378,340,922**	**756.68**

(iii) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2021, equity shareholders were paid an interim dividend of ₹ 3/- (P.Y ₹ 2.25) per share.

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

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Ltd.	84,641,445	22.34%	84,641,445	22.37%
CDC Group PLC	58,501,587	15.44%	58,501,587	15.46%
Nirmal Bhanwarlal Jain	47,719,154	12.60%	47,265,154	12.49%
HWIC Asia Fund Class A shares	28,362,530	7.49%	28,362,530	7.50%

(v) 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)

(vi) 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, 2021 (Contd.)

Note 24.1: Other Equity

(₹ in Millions)

Particulars	Share application money pending allotment	Reserves & Surplus								Other Comprehensive Income		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	Effective portion of Cash Flow Hedges	Remeasurements of defined benefit	
Balance as at April 01, 2019	**-**	**838.85**	**18,310.88**	**5,048.31**	**4,637.50**	**2,301.11**	**97.00**	**3,328.38**	**95.37**	**-**	**10.45**	**34,667.85**
Profit for the year	-	-	-	-	-	-	-	1,488.03	-	-	-	1,488.03
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(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**	**5,255.11**	**2,301.11**	**128.04**	**3,208.15**	**174.14**	**-**	**(14.41)**	**35,321.40**
Profit for the year	-	-	-	-	-	-	-	3,425.77	-	-	-	3,425.77
Other comprehensive income	-	-	-	-	-	-	-	-	-	(217.80)	6.73	(211.07)
Interim dividend	-	-	-	-	-	-	-	(1,135.41)	-	-	-	(1,135.41)
Transfer to/ from reserves	-	-	12.62	6.82	686.80	-	-	(686.80)	(19.44)	-	-	-
Addition during the year	-	-	44.59	-	-	-	-	-	4.36	-	-	48.95
Balance as at March 31, 2021	**-**	**838.85**	**18,401.57**	**5,092.87**	**5,941.91**	**2,301.11**	**128.04**	**4,811.71**	**159.06**	**(217.80)**	**(7.68)**	**37,449.64**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 25.1 Interest income

(₹ in Millions)

Particulars	2020-21				2019-20			
	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	24,249.29	-	5,507.96	29,757.25	18,425.82	-	4,975.12	23,400.94
Interest on investments	-	157.50	-	157.50	-	113.43	-	113.43
Interest on deposits with banks	530.90	-	-	530.90	689.64	-	-	689.64
Interest on inter corporate deposit	258.26	-	-	258.26	251.28	-	-	251.28
Other income	-	-	-	-	688.42	-	-	688.42
Total	**25,038.45**	**157.50**	**5,507.96**	**30,703.91**	**20,055.16**	**113.43**	**4,975.12**	**25,143.71**

Note 25.1A: The Hon'ble Supreme Court of India has pronounced its judgement in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021. Reserve Bank of India vide its circular dated April 07, 2021 instructed all lending institutions to refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Company has estimated an amount of ₹ 109.12 million and charged the same to Profit and Loss Account for the year ended March 31, 2021, on the basis of the the methodology for calculation of the amount of such 'interest on interest' finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies.

Note 25.2 Dividend income

The Company received dividend income amounting to ₹ 701.88 million (P.Y ₹ 441.81 million). Dividend received from subsidiary Company amounts to ₹ 643.05 million (P.Y ₹ 431.06 million)

NOTE 26. NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

(₹ in Millions)

Particulars	2020-21	2019-20
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	1,553.43	(943.69)
Total net gain/(loss) on fair value changes	**1,553.43**	**(943.69)**
Fair value changes		
- Realised	1,513.18	(958.05)
- Unrealised	40.25	14.36
Total net gain/(loss) on fair value changes	**1,553.43**	**(943.69)**

NOTE 27. OTHER INCOME

(₹ in Millions)

Particulars	2020-21	2019-20
Interest on income tax refund	-	27.09
Rent Income	26.62	32.88
Profit on sale of fixed assets	2.92	6.00
Gain/(loss) on cancellation of forwards, swaps and options	174.98	-
Miscellaneous income	184.85	149.82
Total	**389.37**	**215.79**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 28. FINANCE COSTS

(₹ in Millions)

Particulars	On Financial liabilities measured at Amortised Cost	
	2020-21	2019-20
Interest on debt securities*	5,803.90	3,559.30
Interest on borrowings other than debt securities*	7,301.57	6,823.67
Interest on subordinated liabilites*	1,313.48	1,130.26
Interest on inter corporate deposit	466.16	333.58
Interest expense on lease - INDAS 116	245.87	211.60
Other borrowing cost *	418.77	425.16
Total	**15,549.75**	**12,483.57**

* Includes foreign currency expenses incurred amounting to ₹ 2,014.39 million (P.Y ₹ 939.47 million)

NOTE 29. NET (GAIN)/ LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Millions)

Particulars	2020-21	2019-20
(i) Net gain on derecognition of financial instruments under amortised cost category		
Interest strip on assignment of loans	(651.15)	(429.91)
(ii) Net loss on derecognition of financial instruments under amortised cost category		
Bad debts written off (net)	5,686.45	3,540.74
Total	**5,035.30**	**3,110.83**

NOTE 30. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Millions)

Particulars	2020-21			2019-20		
	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)	1,721.99	(30.89)	1,691.10	(581.11)	(137.99)	(719.10)
Other financial assets	289.58	-	289.58	42.83	-	42.83
Total	**2,011.57**	**(30.89)**	**1,980.68**	**(538.28)**	**(137.99)**	**(676.27)**

NOTE 31. EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	2020-21	2019-20
Salaries	3,621.17	3,894.83
Contribution to provident and other funds (refer note 31.1 below)	236.75	258.55
Leave encashment	43.44	26.93
Gratuity (refer note 31.2 below)	34.97	21.46
Staff welfare expenses	117.30	148.22
Share based payments	17.51	57.40
Total	**4,071.14**	**4,407.39**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (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	2020-21	2019-20
Contribution to Provident fund	122.42	95.56
Contribution to Employee State Insurance Corporation	32.18	37.54
Contribution to Labour welfare fund	0.57	0.58
Company contribution to employee pension scheme	78.79	121.22
Contribution to NPS	2.79	3.65
Total	**236.75**	**258.55**

31.2 Gratuity disclosure statement

(₹ in Millions)

Particulars	2020-21	2019-20
Type of benefit	Gratuity	Gratuity
Country	India	India
Reporting currency	INR	INR
Reporting standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding status	Funded	Funded
Starting period	01-Apr-20	01-Apr-19
Date of reporting	31-Mar-21	31-Mar-20
Period of reporting	12 Months	12 Months
Assumptions (current year)		
Expected return on plan assets	6.44%	6.04%
Rate of discounting	6.44%	6.04%
Rate of salary increase	6.00%	6.00%
Rate of employee turnover	For service 4 years and below 28% p.a. & thereafter 2% p.a.	For service 4 years and below 27% p.a. & thereafter 3% 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.

(₹ in Millions)

Table showing change in the present value of projected benefit obligation	2020-21	2019-20
Present value of benefit obligation at the beginning of the year	145.72	96.76
Interest cost	8.80	7.40
Current service cost	33.48	20.94
Past service cost	-	-
Liability transferred in/ acquisitions	5.32	3.44
(Liability transferred out/ divestments)	(9.55)	(2.51)
(Gains)/ losses on curtailment	-	-
(Liabilities extinguished on settlement)	-	-
(Benefit paid directly by the employer)	(8.21)	(1.75)
(Benefit paid from the fund)	(10.23)	(11.46)
The effect of changes in foreign exchange rates	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	(2.15)	7.26
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(10.11)	27.87
Actuarial (gains)/losses on obligations - due to experience	4.28	(2.23)
Present value of benefit obligation at the end of the year	157.35	145.72

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Table showing change in the Fair Value of Plan Assets	**2020-21**	**2019-20**
Fair value of plan assets at the beginning of the year	121.01	90.00
Interest income	7.31	6.88
Contributions by the employer	40.60	35.92
Expected contributions by the employees	-	-
Assets transferred in/ acquisitions	-	-
(Assets transferred out/ divestments)	-	-
(Benefit paid from the fund)	(10.23)	(11.46)
(Assets distributed on settlements)	-	-
Effects of asset ceiling	-	-
The effect of changes in foreign exchange rates	-	-
Return on plan assets, excluding interest income	1.01	(0.33)
Fair value of plan assets at the end of the year	159.70	121.01

(₹ in Millions)

Amount recognised in the Balance Sheet	**2020-21**	**2019-20**
(Present value of benefit obligation at the end of the year)	(157.35)	(145.72)
Fair value of plan assets at the end of the year	159.70	121.01
Funded status (surplus/ (deficit))	2.35	(24.71)
Net (liability)/asset recognised in the Balance Sheet	2.35	(24.71)

(₹ in Millions)

Net interest cost for current year	**2020-21**	**2019-20**
Present value of benefit obligation at the beginning of the year	145.72	96.76
(Fair value of plan assets at the beginning of the year)	(121.01)	(90.00)
Net liability/(asset) at the beginning	24.71	6.76
Interest cost	8.80	7.40
(Interest income)	(7.31)	(6.88)
Net interest cost for current year	1.49	0.52

(₹ in Millions)

Expenses recognised in the Statement of Profit or Loss for current year	**2020-21**	**2019-20**
Current service cost	33.48	20.94
Net interest cost	1.49	0.52
Past service cost	-	-
(Expected contributions by the employees)	-	-
(Gains)/losses on curtailments and settlements	-	-
Net effect of changes in foreign exchange rates	-	-
Expenses recognised	34.97	21.46

(₹ in Millions)

Expenses recognised in OCI for current year	**2020-21**	**2019-20**
Actuarial (gains)/ losses on obligation for the year	(7.97)	32.90
Return on plan assets, excluding interest income	(1.02)	0.32
Change in asset ceiling	-	-
Net (income)/ expense for the year recognised in OCI	(8.99)	33.22

(₹ in Millions)

Balance Sheet reconciliation	**2020-21**	**2019-20**
Opening net liability	24.71	6.76
Expenses recognised in Statement of Profit or Loss	34.97	21.46
Expenses recognised in OCI	(8.99)	33.22
Net liability/(asset) transfer in	5.32	3.44
Net (liability)/asset transfer out	(9.55)	(2.51)
(Benefit paid directly by the employer)	(8.21)	(1.75)
(Employer's contribution)	(40.60)	(35.91)
Net liability/(asset) recognised in the Balance Sheet	(2.35)	24.71

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Category of Assets	2020-21	2019-20
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	159.71	121.01
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**159.71**	**121.01**

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

(₹ in Millions)

Net interest cost for next year	2020-21	2019-20
Present value of benefit obligation at the end of the year	157.35	145.72
(Fair value of plan assets at the end of the year)	(159.70)	(121.01)
Net liability/ (asset) at the end of the year	(2.35)	24.71
Interest cost	10.13	8.80
(Interest income)	(10.29)	(7.31)
Net interest cost for next year	(0.15)	1.49

(₹ in Millions)

Expenses recognised in the Statement of Profit or Loss for next year	2020-21	2019-20
Current service cost	33.08	33.48
Net interest cost	(0.15)	1.49
(Expected contributions by the employees)	-	-
Expenses recognised	32.93	34.97

(₹ in Millions)

Maturity analysis of the benefit payments: From the Fund	2020-21	2019-20
Projected benefits payable in future years from the date of reporting		
1st following year	11.59	12.21
2nd following year	3.08	3.96
3rd following year	3.62	4.31
4th following year	4.18	4.81
5th following year	4.38	5.32
Sum of years 6 To 10	31.70	33.56
Sum of years 11 and above	463.37	342.35

(₹ in Millions)

Sensitivity analysis	2020-21	2019-20
Projected benefit obligation on current assumptions	157.36	145.72
Delta effect of +1% change in rate of discounting	(21.75)	(18.32)
Delta effect of -1% change in rate of discounting	27.06	22.58
Delta effect of +1% change in rate of salary increase	25.38	20.59
Delta effect of -1% change in rate of salary increase	(20.90)	(17.27)
Delta effect of +1% change in rate of employee turnover	0.33	(0.68)
Delta effect of -1% change in rate of employee turnover	(0.59)	0.63

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
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 32. OTHER EXPENSES

(₹ in Millions)

Particulars	2020-21	2019-20
Advertisement and marketing expenses*	283.68	362.42
Direct operating expenses	100.14	184.44
Bank charges	41.08	27.24
Commission to non whole-time directors	-	4.14
Communication costs	62.43	96.38
Electricity	89.70	140.86
Exchange and statutory charges	5.93	12.43
Legal & professional fees*	336.71	565.62
Directors sitting fees	5.79	4.33
Office expenses	100.88	98.70
Postage & courier	28.33	59.46
Printing & stationary	30.22	37.78
Rates & taxes	1.79	76.30
Rent	7.84	86.59
Repairs & maintenance		
- Computer	10.58	12.78
- Others	65.71	112.13
Remuneration to auditors		
- Audit fees	4.46	3.07
- Certification / other services **	0.44	2.61
- Out of pocket expenses	-	0.24
Software charges*	111.32	194.99
Travelling & conveyance*	53.37	153.86
Corporate social responsibility expenses (refer note 41)	47.10	120.19
Miscellaneous expenses	4.44	27.86
Insurance premium	236.23	102.30
Security Expenses	792.58	311.77
Total	**2,420.75**	**2,798.50**

*Includes below payments done in foreign currency

(₹ in Millions)

Particulars	2020-21	2019-20
Advertisement and marketing expenses	1.39	0.57
Travelling & conveyance	-	0.09
Software Charges	0.92	3.82
Legal & Professional fees	1.76	7.00

** During the year the Company has paid ₹ 2.30 million (P.Y ₹ 11.99 million) to the auditors towards certification required towards Public Issue of Non Convertible Debentures (P.Y 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, 2021, IIFL Finance Limited has transferred 6,60,61,285 number of fully paid equity shares of ₹ 10/- each constituting of 25% equity shares held by the Company in Samsata Microfinance Limited, a subsidiary Company, to IIFL Home Finance Limited (Formerly Known as 'India Infoline Housing Finance Limited'), a Wholly-owned subsidiary Company, at fair value of ₹ 20 per share. The Profit on sale aggregating to ₹ 530.50 million has been disclosed as exceptional item.

ii) During the previous year ended March 31, 2020, the Company had 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.

iii) During the previous year ended March 31, 2020, the Company had 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 34. INCOME TAXES

(₹ in Millions)

Amounts recognised in statement of profit or loss	2020-21	2019-20
Current tax expense		
Current year	972.83	419.33
Changes in estimates related to prior years	43.83	(20.69)
Deferred tax expense		
Origination and reversal of temporary differences	(167.48)	479.68
Total	**849.18**	**878.32**

(₹ in Millions)

Amounts recognised in other comprehensive income	2020-21			2019-20		
	Amount	Tax expense	Net of tax	Amount	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	8.99	(2.26)	6.73	(33.22)	8.36	(24.86)
Cash flow hedge reserve	(291.04)	73.24	(217.80)	-	-	-

(₹ in Millions)

Reconciliation of income tax expense of the year to accounting year	2020-21	2019-20
Profit before tax	**4,274.95**	**2,366.35**
Tax using the Company's domestic tax rate	1,075.92	595.57
Tax effect of:		
Non-deductible expenses	11.85	15.55
Tax-exempt income- Others (includes deduction under section 80JJAA)	(37.44)	(44.89)
Tax-exempt income- Dividend	(176.65)	(111.19)
Income taxed at different rates	(68.67)	(2.43)
Others	-	10.52
Change in tax rate (refer note 11.1)	-	381.08
Adjustments for current tax for prior periods	43.83	(20.69)
Past-year losses for which no deferred tax asset is recognised	-	-
De-Recognition of previously recognised deductible temporary differences	0.34	54.80
Total income tax expense	**849.18**	**878.32**

NOTE 35. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share ("EPS") computed in accordance with INDAS 33 "Earnings per share"

(₹ in Millions)

Particulars		2020-21	2019-20
Face value of equity shares in ₹ fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of Profit and Loss		3,425.77	1,488.03
Less: Preference dividend and dividend distribution tax on preference dividend		-	-
Profit after tax attributable to equity share holders	A	3,425.77	1,488.03
Weighted average number of equity shares outstanding	B	378,417,476	378,044,762
Basic EPS (In ₹)	**A/B**	**9.05**	**3.94**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		378,417,476	378,044,762
Add: Potential equity shares on account conversion of Employees Stock Options		806,252	936,649
Weighted average number of equity shares for computation of diluted EPS	C	379,223,728	378,981,411
Diluted EPS (In ₹)	**A/C**	**9.03**	**3.93**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (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 Chairman 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 minimise 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.

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 loans, trade receivables, investments, derivative financial instruments, 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, 2021				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach/ cost	Total
Cash and cash equivalents	-	-	-	20,518.72	20,518.72
Bank Balance other than above	-	-	-	15,406.27	15,406.27
Receivables					
(i) Trade Receivables	-	-	2.95	1590.78	1593.73
(ii) Other Receivables	-	-	-	5.10	5.10
Loans*	102,250.10	25,888.83	4,080.43	-	132,219.36
Investments**	-	-	-	11,853.33	11,853.33
Other Financial assets	-	-	-	2,211.74	2,211.74

* 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, 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	119.26	122.20
(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	-	-	-	1,687.87	1,687.87

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

**Investments in subsidiaries are carried at cost.

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

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	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL Mar-20	**2,240.64**	**293.43**	**457.45**	**149.48**	**2,973.14**	**1,318.26**	**5,671.23**	**1,761.17**
New loans disbursed during the year	751.89	88.20	412.10	408.62	146.46	32.55	1,310.45	529.37
Loans closed/ written off during the year	(421.19)	(44.92)	(232.68)	(36.93)	(2,250.74)	(1,147.79)	(2,904.61)	(1,229.64)
Movement in provision without change in asset staging	1,243.22	278.15	42.32	(63.33)	(31.39)	65.05	1,254.15	279.87
Movement in provision due to change in asset staging	(269.45)	(15.77)	391.11	45.82	1,249.61	292.81	1,371.27	322.86
Closing ECL Mar-21	**3,545.11**	**599.09**	**1,070.30**	**503.66**	**2,087.08**	**560.88**	**6,702.49**	**1,663.63**

(₹ 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	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL Mar-19	**803.34**	**63.39**	**1,973.97**	**998.90**	**3,313.91**	**824.10**	**6,091.22**	**1,886.39**
New loans disbursed during the year	861.78	110.43	10.91	3.92	90.51	20.85	963.20	135.20
Loans closed/ written off during the year	(259.12)	(20.25)	(358.84)	(53.28)	(2,821.92)	(705.10)	(3,439.88)	(778.63)
Movement in provision without change in asset staging	910.39	141.76	(299.22)	(87.75)	21.18	34.07	632.35	88.08
Movement in provision due to change in asset staging	(75.75)	(1.90)	(869.37)	(712.31)	2,369.46	1,144.34	1,424.34	430.13
Closing ECL Mar-20	**2,240.64**	**293.43**	**457.45**	**149.48**	**2,973.14**	**1,318.26**	**5,671.23**	**1,761.17**

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	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2020	**121,932.77**	**19,085.90**	**5,131.22**	**1,344.22**	**4,130.46**	**1,318.26**	**131,194.45**	**21,748.38**
New loans disbursed during the year	74,792.48	2,102.38	15,062.35	1,009.82	502.25	32.55	90,357.08	3,144.75
Loans closed/ written off during the year	(53,778.27)	(7,699.73)	(3,763.26)	(981.73)	(3,050.05)	(1,147.79)	(60,591.58)	(9,829.25)
Movement in EAD without change in asset staging	(9,476.92)	(241.77)	(120.00)	(152.11)	(49.34)	65.05	(9,646.26)	(328.83)
Movement in EAD due to change in asset staging	(13,990.39)	199.10	7,092.96	668.19	1,986.22	292.81	(4,911.21)	1,160.10
Closing EAD Mar-2021	**119,479.67**	**13,445.88**	**23,403.27**	**1,888.39**	**3,519.54**	**560.88**	**146,402.48**	**15,895.15**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2019	**109,888.92**	**9,420.49**	**8,974.40**	**2,119.33**	**4,195.57**	**826.84**	**123,058.89**	**12,366.66**
New loans disbursed during the year	82,729.46	14,212.96	2,367.92	158.03	218.55	20.85	85,315.93	14,391.84
Loans closed/written off during the year	(60,307.58)	(2,591.32)	(4,974.69)	(326.14)	(3,455.98)	(707.85)	(68,738.25)	(3,625.31)
Movement in EAD without change in asset staging	(7,000.32)	(1,822.12)	(361.99)	(32.88)	(52.88)	34.07	(7,415.19)	(1,820.93)
Movement in EAD due to change in asset staging	(3,377.71)	(134.11)	(874.42)	(574.12)	3,225.20	1,144.35	(1,026.93)	436.12
Closing EAD Mar-2020	**121,932.77**	**19,085.90**	**5,131.22**	**1,344.22**	**4,130.46**	**1,318.26**	**131,194.45**	**21,748.38**

36A.4. Write off

Contractual amount outstanding on financial assets that were written off (net of recovery) during the reporting period is ₹ 5,686.45 million (P.Y ₹ 3,540.74 million)

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	2020-21	2019-20
Value of modified assets at the time of modification	25,796.17	758.55
Value of modified assets outstanding at end of year	25,574.78	686.01
Modification gain/ (loss)	(221.39)	(3.67)

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)

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, 2021	132,925.55	25,291.66	4,080.42	162,297.63
March 31, 2020	141,018.67	6,475.44	5,448.72	152,942.83

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

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, 2021	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	1,186.69	-	212.88	-	973.81		-
Trade payables	664.22	664.22	-	-	-	-	-
Other payables	-	-	-	-	-	-	-
Finance lease obligation*	4,080.32	180.31	178.03	353.96	1,292.83	953.41	1,121.78
Debt securities	51,772.99	2,860.00	1,070.12	9,876.80	37,966.07	-	-
Borrowings (other than debt securities)	92,424.82	11,894.29	15,350.65	20,252.42	28,626.77	16,300.69	-
Subordinated liabilities	16,407.52	-	350.00	3,289.71	530.00	317.08	11,920.73
Other financial liabilities	14,854.73	14,805.62	-	-	49.11	-	-
Financial guarantee contracts	12,255.43	12,255.43	-	-	-	-	-
Total	**193,646.71**	**42,659.87**	**17,161.68**	**33,772.89**	**69,438.59**	**17,571.18**	**13,042.51**

* The amount represent undiscounted cash flows

(₹ 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	477.28	477.28	-	-	-	-	-
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	9,164.14	9,145.94	-	-	18.20	-	-
Financial guarantee contracts	17,524.37	17,524.37	-	-	-	-	-
Total	**172,945.78**	**42,560.63**	**7,684.53**	**28,230.63**	**43,248.41**	**44,583.99**	**6,637.59**

* The amount represent undiscounted cash flows

Note : 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(ii) Financing arrangements

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

(₹ in Millions)

	As at March 31, 2021	As at March 31, 2020
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	4,556.55	1,503.43
- Expiring beyond one year (bank loans)	-	-

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.

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)

	As at March 31, 2021	As at March 31, 2020
Floating rate borrowings	53,286.66	51,904.76
Fixed rate borrowings	101,211.87	80,781.35
Project IRR	6,106.80	9,400.47
Total borrowings	**160,605.33**	**142,086.58**

The Company had the following floating rate borrowings and cross currency interest rate swap contracts outstanding

(₹ in Millions)

	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	8.63%	45,975.66	28.63%	9.40%	38,866.17	27.35%
Non convertible debentures	-	-	-	8.77%	5,000.00	3.52%
External Commercial borrowings	8.62%	7,311.00	4.55%	8.62%	7,538.59	5.31%
Inter corporate deposit	-	-	-	11.40%	500.00	0.35%
Net exposure to cash flow interest rate risk		**53,286.66**			**51,904.76**	

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Interest rates – increase by 30 basis points	(119.63)	(116.52)	-	-
Interest rates – decrease by 30 basis points	119.63	116.52	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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The Company had no variable rate loans outstanding

(₹ in Millions)

	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Floating rate loans	-	-	-	-	-	-

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Interest rates – increase by 30 basis points	-	-	-	-
Interest rates – decrease by 30 basis points	-	-	-	-

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 foreign bond markets.

During the year ended March 31, 2021, the Company has hedged its foreign currency exposure through Forwards/ Future and / or 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	US$	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets (in INR)*	416.88	-	-	-	-	-
Foreign currency liabilities (in INR)*	1,186.69	-	-	-	-	-
Net gap as at March 31, 2021	**(769.81)**	**-**	**-**	**-**	**-**	**-**

(₹ in Millions)

Particulars	US$	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**	**-**	**-**	**-**	**-**	**-**

* Fully hedged by forward contract, future contract and Currency Interest Rate Swaps.

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
US$ sensitivity*				
INR/ US$ - increase by 5%	-	(1,368.01)	(1,323.97)	-
INR/ US$ - decrease by 5%	-	1,368.01	1,323.97	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

* 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.

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, 2021	-	189.24	-	-	**189.24**
Market value as on March 31, 2020	1,813.13	135.09	447.24	5,220.80	**7,616.26**

To manage its price risk arising from investments in equity shares/ 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Increase 5%	7.08	284.97	-	-
Decrease 5%	(7.08)	(284.97)	-	-

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

36E. Fair values of financial instruments

Financial instruments by category

(₹ in Millions)

Particulars	As at March 31, 2021		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	20,518.72
Bank Balance other than above	-	-	15,406.27
Derivative financial instruments	-	416.88	-
Receivables			
(i) Trade receivables	-	-	1,593.73
(ii) Other receivables	-	-	5.10
Loans	-	28,904.75	127,038.24
Investments	189.24	-	11,853.33
Other financial assets	-	-	2,079.67
Total financial assets	**189.24**	**29,321.63**	**178,495.06**
Financial liabilities			
Derivative financial instruments	-	1,186.69	-
Trade payables	-	-	664.22
Other payables	-	-	-
Finance lease obligation	-	-	3,054.22
Debt securities	-	-	53,446.73
Borrowings (other than debt securities)	-	-	92,179.83
Subordinated liabilities	-	-	17,373.98
Other financial liabilities	-	-	14,854.73
Total financial liabilities	**-**	**1,186.69**	**181,573.71**

(₹ 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 above	-	-	10,444.00
Derivative financial instruments	2,405.21	-	-
Receivables			
(i) Trade receivables	-	-	122.20
(ii) Other receivables	-	-	-
Loans	-	28,248.10	113,943.63
Investments	7,616.26	-	11,969.21
Other financial assets	-	-	1,623.10
Total financial assets	**10,021.47**	**28,248.10**	**144,164.85**
Financial liabilities			
Derivative financial instruments	267.63	-	-
Trade payables	-	-	477.28
Other payables	-	-	-
Finance lease obligation			2,613.31
Debt securities	-	-	58,188.16
Borrowings (other than debt securities)	-	-	69,315.91
Subordinated liabilities	-	-	16,304.08
Other financial liabilities	-	-	9,164.14
Total financial liabilities	**267.63**	**-**	**156,062.88**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

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.
- Quoted Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.
- Alternate Investment Funds and unquoted Mutual Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.
- 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 FBIL 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.

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements **As at March 31, 2021**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying Value**
Financial assets					
Forward rate agreements and interest rate swaps	-	416.88	-	416.88	416.88
Loans - classified under FVTOCI	-	-	28,904.75	28,904.75	28,904.75
Investments	**118.18**	**-**	**71.06**	**189.24**	**189.24**
(i) Mutual funds/ Alternate investment fund / Others	118.18	-	71.06	189.24	189.24
(ii) Government securities	-	-	-	-	-
(iii) Debt securities	-	-	-	-	-
(iv) Equity	-	-	-	-	-
Total financial assets	**118.18**	**416.88**	**28,975.81**	**29,510.87**	**29,510.87**
Financial liabilities					
Forward rate agreements and interest rate swaps	-	1,186.69	-	1,186.69	1,186.69
Total financial liabilities	**-**	**1,186.69**	**-**	**1,186.69**	**1,186.69**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2020	Level 1	Level 2	Level 3	Total	Carrying Value
Financial assets					
Forward rate agreements and interest rate swaps	-	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**

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 identitical 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
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2021	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	20,518.72	20,518.72	-
Bank Balance other than included above	15,406.27	15,406.27	-
Receivables			
(i) Trade receivables	1,593.73	1,593.73	-
(ii) Other receivables	5.10	5.10	-
Loans	124,479.83	127,038.24	Level 3
Investment in subsidiary*	11,853.33	11,853.33	-
Other financial assets	2,079.67	2,079.67	-
Total financial assets	**175,936.65**	**178,495.06**	
Financial Liabilities			
Trade payables	664.22	664.22	-
Other payables	-	-	-
Debt securities **	53,760.78	53,446.73	Level 3
Borrowings (other than debt securities)	92,192.68	92,179.83	Level 3
Subordinated liabilities	17,964.46	17,373.98	Level 3
Other financial liabilities	14,854.73	14,854.73	-
Total financial liabilities	**179,436.86**	**178,519.49**	

* 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, 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	122.20	122.20	-
(ii) Other receivables	-	-	-
Loans	120,078.17	113,943.63	Level 3
Investment in subsidiary*	11,969.21	11,969.21	-
Other financial assets	1,623.10	1,623.10	-
Total financial assets	**150,299.39**	**144,164.85**	
Financial Liabilities			
Trade payables	477.28	477.28	-
Other payables	-	-	-
Debt securities**	58,362.80	58,188.16	Level 3
Borrowings (other than debt securities)	69,645.95	69,315.91	Level 3
Subordinated liabilities	15,967.85	16,304.08	Level 3
Other financial liabilities	9,164.14	9,164.14	-
Total financial liabilities	**153,618.02**	**153,449.57**	

* 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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

36.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, 2020	**28,248.10**	**50.01**	**988.50**
Issuances	61,464.56	12.44	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(60,807.91)	(0.06)	(1,450.00)
Total gain/ (loss) recognised in profit and loss	-	8.67	461.50
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2021	**28,904.75**	**71.06**	**-**
Unrealised gain /(loss) related to balances held at the end of financial year	-	(9.46)	-

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2019	**24,872.43**	**63.19**	**591.50**
Issuances	65,507.76	1.70	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(62,132.09)	(0.50)	-
Total gain/ (loss) recognised in profit and loss	-	(14.38)	397.00
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2020	**28,248.10**	**50.01**	**988.50**
Unrealised gain/ losses related to balances held at the end of financial year	-	(18.12)	833.50

36 F. Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2021, 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	2020-21	2019-20
Financial assets derecognised during the year	60,807.91	62,132.09
Gain from derecognition	1,674.58	1,565.76

36 G 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, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	39,138.16	22,405.61
Carrying amount of associated liabilities	39,138.16	22,405.61
Fair value of assets	39,151.01	22,735.65
Fair value of associated liabilities	39,151.01	22,735.65
Net position at Fair value	**-**	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 37. CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Contingent Liabilities

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
In respect of Income tax demands (refer note (a) and (e) below)	486.49	539.76
In respect of Service Tax demands (including interest accrued and refer note (b) below)	617.50	342.01
In respect of Profession Tax demands (refer note (c) below)	1.55	1.53
In respect of Bank guarantees given (refer note (d) below)	12,255.43	17,524.37

(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 - ₹ 18.92 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 ₹ 233.89 million (P.Y ₹ 267.16 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 Company's financial position.

Commitments not provided for

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Commitments related to loans sanctioned but undrawn	913.64	4,817.78
Estimated amount of contracts remaining to be executed on capital and operating account	325.42	169.28
Commitments related to Alternate Investment Funds	20.16	32.60

NOTE 38: COMPOSITE SCHEME OF ARRANGEMENT

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 had 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 58,654,556 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.

(I) In accordance with the accounting treatment, as provided under the Scheme of Arrangement, 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**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Particulars	As at April 01, 2018
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**
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 AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (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 2021 ESOP 2008	As at March 2020 ESOP 2008
Number of Option outstanding	331,525	434,937
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, 29-Apr-2017 and 04-Sep-2020	05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017
Grant Price (₹ Per Share)	₹ 61.40, ₹ 82.73, ₹ 82.02, ₹ 218.71 and ₹ 126.64	₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71

(b) (i) Movement of options during the year ended March 31, 2021

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted average remaining contractual life (Years)
Outstanding as on April 01, 2020	**434,937**	**61.40-218.71**	**87.76**	**2.89**
Granted during the year	50,000	126.64	126.64	-
Expired/forfeited during the year	27,315	82.02-218.71	132.06	-
Exercised during the year	126,097	61.40-82.73	77.95	-
Outstanding as on March 31, 2021	**331,525**	**82.02-218.71**	**93.70**	**2.65**
Exercisable as on March 31, 2021	**276,725**	**82.02-218.71**	**85.58**	**1.96**

b) (ii) Movement of options during year ended March 31, 2020

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted 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**

Fair Value Methodology:

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

Particulars	ESOP 2008	
	2020-21	2019-20
Stock price (₹)	87.85	-
Volatility	10.00%	-
Risk-free Rate	6.56%	-
Exercise price (₹)	126.64	-
Time to Maturity (Years)	5.00	-
Dividend yield	3.00%	-
Weight Average Value (₹)	21.10	-

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 2021 ESOP 2020	As at March 2020 ESOP 2020
Number of Option outstanding	4,433,233	8,265,678
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, 18-Jan-2019 and 18-Sep-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, ₹ 129.63

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(b) (i) Movement of options during the year ended March 31, 2021

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted average remaining contractual life (Years)
Outstanding as on April 01, 2020	**8,265,678**	**61.48 -182.22**	**157.65**	**5.15**
Granted during the year	-	-	-	-
Expired/forfeited during the year	3,458,788	61.48-182.22	173.65	-
Exercised during the year	373,657	61.48-182.22	95.69	-
Outstanding as on March 31, 2021	**4,433,233**	**61.48-182.22**	**150.40**	**4.06**
Exercisable as on March 31, 2021	**2,001,004**	**61.48-182.22**	**132.44**	**3.57**

(b) (ii) Movement of options during the year ended March 31, 2020

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted 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**

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 (Upto July 26, 2020)
	Samasta Microfinance Limited
Other related parties	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
	India Infoline Employee Trust
	IIFL Wealth Portfolio Managers Limited (Formerly IIFL Alternate Asset Advisors Limited)
	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Wealth Finance Limited
	5paisa Capital Limited
	5paisa P2P Limited
Key managerial personnel	Mr. Nirmal Jain
	Mr. R. Venkataraman
	Mr. Sumit Bali (Upto June 30, 2020)
	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 AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (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	-	1.30	-	1.30
	-	(2.92)	-	(2.92)
IIFL Home Finance Limited	28.38	-	-	28.38
	(45.33)	-	-	(45.33)
IIFL Facilities Services Limited	-	71.05	-	71.05
	-	(172.80)	-	(172.80)
IIFL Management Services Limited	-	-	-	-
	-	(20.95)	-	(20.95)
5paisa Capital Limited	-	118.20	-	118.20
	-	(53.63)	-	(53.63)
Samasta Microfinance Limited	67.70	-	-	67.70
	(36.24)	-	-	(36.24)
Interest expense				
IIFL Facilities Services Limited	-	84.47	-	84.47
	-	(223.97)	-	(223.97)
IIFL Home Finance Limited	333.59	-	-	333.59
	(129.94)	-	-	(129.94)
Samasta Microfinance Limited	43.65	-	-	43.65
	(8.42)	-	-	(8.42)
IIFL Wealth Finance Limited	-	-	-	-
	-	(18.41)	-	(18.41)
IIFL Securities Limited	-	4.45	-	4.45
	-	-	-	-
IIFL Insurance Brokers Limited	-	-	-	-
	-	(2.16)	-	(2.16)
Service charges income				
IIFL Home Finance Limited	-	-	-	-
	(0.77)	-	-	(0.77)
Referral fees income				
IIFL Home Finance Limited	1.27	-	-	1.27
	(2.00)	-	-	(2.00)
Trademark License Fee				
IIFL Securities Limited	-	0.10	-	0.10
	-	-	-	-
Investment Banking Income Pass Through				
IIFL Securities Limited	-	-	-	-
	-	(15.69)	-	(15.69)
Donation paid				
India Infoline Foundation	-	47.10	-	47.10
	-	(120.19)	-	(120.19)
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees				
IIFL Securities Limited	-	-	-	-
	-	(143.54)	-	(143.54)
5paisa Capital Limited	-	0.68	-	0.68
	-	(11.18)	-	(11.18)
IIFL Management Services Limited	-	-	-	-
	-	(97.76)	-	(97.76)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Wealth Management Limited	-	121.34	-	121.34
	-	(114.63)	-	(114.63)
Samasta Microfinance Limited	-	-	-	-
	(104.79)	-	-	(104.79)
IIFL Home Finance Limited	6.47	-	-	6.47
	(16.20)	-	-	(16.20)
Rent expenses				
IIFL Facilities Services Limited	-	17.50	-	17.50
	-	(17.50)	-	(17.50)
Aditi Athavankar	-	-	-	-
	-	-	(1.80)	(1.80)
Commission/ brokerage expense				
IIFL Securities Limited	-	0.19	-	0.19
	-	(0.86)	-	(0.86)
Remuneration paid				
Mr. Nirmal Jain	-	-	80.01	80.01
	-	-	(86.97)	(86.97)
Mr. R. Venkataraman	-	-	-	-
	-	-	(5.50)	(5.50)
Mr. Sumit Bali	-	-	5.41	5.41
	-	-	(62.50)	(62.50)
Equity dividend received				
IIFL Home Finance Limited	524.20	-	-	524.20
	(314.52)	-	-	(314.52)
Samasta Microfinance Limited	118.84	-	-	118.84
	(116.53)	-	-	(116.53)
Equity dividend paid				
India Infoline Employee Trust Limited	-	0.23	-	0.23
	-	(0.17)	-	(0.17)
ICD/loan taken				
IIFL Home Finance Limited	82,387.10	-	-	82,387.10
	(67,796.20)	-	-	(67,796.20)
Samasta Microfinance Limited	3,450.00	-	-	3,450.00
	(1,720.00)	-	-	(1,720.00)
IIFL Securities Limited	-	22,080.00	-	22,080.00
	-	(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	-	51,061.50	-	51,061.50
	-	(83,080.00)	-	(83,080.00)
ICD/loan returned				
IIFL Home Finance Limited	82,387.10	-	-	82,387.10
	(67,796.20)	-	-	(67,796.20)
Samasta Microfinance Limited	3,950.00	-	-	3,950.00
	(1,220.00)	-	-	(1,220.00)
IIFL Securities Limited	-	22,080.00	-	22,080.00
	-	(15,374.00)	-	(15,374.00)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Wealth Finance Limited	-	-	-	-
	-	(1,000.00)	-	(1,000.00)
IIFL Insurance Brokers Limited	-	-	-	-
	-	(146.60)	-	(146.60)
IIFL Facilities Services Limited	-	51,061.50	-	51,061.50
	-	(83,080.00)	-	(83,080.00)
ICD/loan given				
IIFL Securities Limited	-	4,040.00	-	4,040.00
	-	(5,590.00)	-	(5,590.00)
IIFL Management Services Limited	-	-	-	-
	-	(1,933.00)	-	(1,933.00)
IIFL Facilities Services Limited	-	18,963.50	-	18,963.50
	-	(24,676.00)	-	(24,676.00)
IIFL Home Finance Limited	11,950.00	-	-	11,950.00
	(25,566.94)	-	-	(25,566.94)
Samasta Microfinance Limited	9,480.00	-	-	9,480.00
	(610.00)	-	-	(610.00)
5paisa Capital Limited	-	28,130.00	-	28,130.00
	-	(3,418.10)	-	(3,418.10)
ICD/loan received back				
IIFL Securities Limited	-	4,040.00	-	4,040.00
	-	(5,590.00)	-	(5,590.00)
IIFL Facilities Services Limited	-	20,722.00	-	20,722.00
	-	(23,445.00)	-	(23,445.00)
IIFL Management Services Limited	-	-	-	-
	-	(2,223.00)	-	(2,223.00)
IIFL Home Finance Limited	11,950.00	-	-	11,950.00
	(25,566.94)	-	-	(25,566.94)
5paisa Capital Limited	-	29,130.00	-	29,130.00
	-	(2,418.10)	-	(2,418.10)
Samasta Microfinance Limited	9,480.00	-	-	9,480.00
	(610.00)	-	-	(610.00)
Investment in subsidiaries				
Samasta Microfinance Limited	675.00	-	-	675.00
	(1,500.00)	-	-	(1,500.00)
Purchase of investment				
IIFL Wealth Finance Limited	-	-	-	-
	-	(513.93)	-	(513.93)
Sale of investment				
IIFL Home Finance Limited	1,821.23	-	-	1,821.23
	-	-	-	-
IIFL Wealth Finance Limited	-	2,011.10	-	2,011.10
	-	(507.93)	-	(507.93)
Allocation / reimbursement of expenses paid				
IIFL Securities Limited	-	79.82	-	79.82
	-	(309.45)	-	(309.45)
IIFL Asset Management Limited	-	-	-	-
	-	(7.50)	-	(7.50)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Wealth Management Limited	-	4.15	-	4.15
	-	-	-	-
IIFL Home Finance Limited	5.55	-	-	5.55
	(6.99)	-	-	(6.99)
IIFL Management Services Limited	-	3.95	-	3.95
	-	(14.32)	-	(14.32)
IIFL Facilities Services Limited	-	11.65	-	11.65
	-	(27.72)	-	(27.72)
Allocation / reimbursement of expenses paid others				
IIFL Securities Limited	-	10.06	-	10.06
	-	(43.49)	-	(43.49)
IIFL Wealth Management Limited	-	0.06	-	0.06
	-	(0.98)	-	(0.98)
5paisa P2P Limited	-	0.03	-	0.03
	-	-	-	-
IIFL Facilities Services Limited	-	3.16	-	3.16
	-	(0.62)	-	(0.62)
IIFL Home Finance Limited	13.12	-	-	13.12
	(31.76)	-	-	(31.76)
5paisa Capital Limited	-	2.92	-	2.92
	-	(1.97)	-	(1.97)
IIFL Management Services Limited	-	0.42	-	0.42
	-	(0.82)	-	(0.82)
IIFL Insurance Brokers Limited	-	0.51	-	0.51
	-	(2.05)	-	(2.05)
Allocation / reimbursement of expenses received				
IIFL Facilities Services Limited	-	3.96	-	3.96
	-	(0.62)	-	(0.62)
IIFL Management Services Limited	-	0.29	-	0.29
	-	(0.48)	-	(0.48)
IIFL Securities Limited	-	28.25	-	28.25
	-	(29.29)	-	(29.29)
IIFL Home Finance Limited	30.15	-	-	30.15
	(42.28)	-	-	(42.28)
5paisa Capital Limited	-	4.43	-	4.43
	-	(8.17)	-	(8.17)
IIFL Wealth Management Limited	-	0.18	-	0.18
	-	(5.64)	-	(5.64)
Allocation / reimbursement of expenses received others				
5paisa Capital Limited	-	0.89	-	0.89
	-	(2.54)	-	(2.54)
5paisa P2P Limited	-	0.08	-	0.08
	-	-	-	-
IIFL Securities Limited	-	6.15	-	6.15
	-	(46.89)	-	(46.89)
IIFL Home Finance Limited	32.35	-	-	32.35
	(53.17)	-	-	(53.17)
IIFL Management Services Limited	-	0.94	-	0.94
	-	(3.05)	-	(3.05)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Facilities Services Limited	-	1.28	-	1.28
	-	(0.22)	-	(0.22)
IIFL Insurance Brokers Limited	-	0.22	-	0.22
	-	(1.81)	-	(1.81)
IIFL Asset Management Limited	-	0.59	-	0.59
	-	(2.47)	-	(2.47)
India Infoline Foundation	-	-	-	-
	-	(0.04)	-	(0.04)
IIFL Wealth Management Limited	-	-	-	-
	-	(0.29)	-	(0.29)
Payment towards assignment transaction				
Samasta Microfinance Limited	-	-	-	-
	(0.83)	-	-	(0.83)
IIFL Home Finance Limited	-	-	-	-
	(9.29)	-	-	(9.29)
Receipt towards assignment transaction				
Samasta Microfinance Limited	-	-	-	-
	(3.39)	-	-	(3.39)
IIFL Home Finance Limited	-	-	-	-
	(4.24)	-	-	(4.24)
Assignment/Secu transactions paid on HFC behalf				
IIFL Home Finance Limited	902.18	-	-	902.18
	(954.16)	-	-	(954.16)
Non convertible debenture issued				
IIFL Management Services Limited	-	-	-	-
	-	(2,322.00)	-	(2,322.00)
IIFL Facilities Services Limited	-	1,000.00	-	1,000.00
	-	-	-	-
IIFL Securities Limited	-	751.80	-	751.80
	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	-	-	-
	-	(500.00)	-	(500.00)
IIFL Wealth Finance Limited	-	-	-	-
	-	(4,483.00)	-	(4,483.00)
Non convertible debenture redeemed/buyback				
IIFL Wealth Finance Limited	-	813.46	-	813.46
	-	(783.96)	-	(783.96)
IIFL Facilities Services Limited	-	222.11	-	222.11
	-	(3,475.00)	-	(3,475.00)
Sale of Portfolio				
IIFL Home Finance Limited	-	-	-	-
	(6,050.00)	-	-	(6,050.00)
Samasta Microfinance Limited	-	-	-	-
	(1,723.50)	-	-	(1,723.50)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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	-	2.08	-	2.08
	-	-	-	-
5paisa P2P Limited	-	0.01	-	0.01
	-	-	-	-
IIFL Insurance Brokers Limited	-	0.30	-	0.30
	-	-	-	-
IIFL Securities Limited	-	2.74	-	2.74
	-	(0.27)	-	(0.27)
IIFL Management Services Limited	-	0.00	-	0.00
	-	-	-	-
IIFL Facilities Services Limited	-	-	-	-
	-	(1.22)	-	(1.22)
IIFL Wealth Management Limited	-	1.74	-	1.74
	-	-	-	-
Samasta Microfinance Limited	-	-	-	-
	(0.86)	-	-	(0.86)
Other receivable				
IIFL Wealth Management Limited	-		-	-
	-	(0.63)	-	(0.63)
IIFL Asset Management Limited	-		-	-
	-	(2.47)	-	(2.47)
IIFL Facilities Services Limited	-	1.95	-	1.95
	-	-	-	-
IIFL Home Finance Limited	7.93	-	-	7.93
	(22.89)	-	-	(22.89)
Security deposit receivable				
IIFL Facilities Services Limited	-	8.75	-	8.75
	-	(8.75)	-	(8.75)
Outstanding ICD (given)				
5paisa Capital Limited	-	-	-	-
	-	(1,000.00)	-	(1,000.00)
IIFL Facilities Services Limited	-	-	-	-
	-	(1,758.50)	-	(1,758.50)
Outstanding ICD (Taken)				
Samasta Microfinance Limited	-	-	-	-
	(500.00)	-	-	(500.00)
Corporate guarantee given				
IIFL Home Finance Limited	12,255.43	-	-	12,255.43
	(17,524.37)	-	-	(17,524.37)
Outstanding non convertible debenture issued				
IIFL Management Services Limited	-	22.22	-	22.22
	-	(221.30)	-	(221.30)
IIFL Wealth Finance Limited	-	-	-	-
	-	(11.00)	-	(11.00)
IIFL Securities Limited	-	40.90	-	40.90
	-	-	-	-
IIFL Facilities Services Limited	-	-	-	-
	-	(200.00)	-	(200.00)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Interest accrued on non convertible debenture issued				
IIFL Management Services Limited	-	3.46	-	3.46
	-	(7.88)	-	(7.88)
IIFL Wealth Finance Limited	-	-	-	-
	-	(1.24)	-	(1.24)
IIFL Securities Limited	-	1.91	-	1.91
	-	-	-	-
IIFL Facilities Services Limited	-	-	-	-
	-	(12.88)	-	(12.88)
Investment in non convertible debenture (including interest accrued)				
IIFL Home Finance Limited	-	-	-	-
	(530.46)	-	-	(530.46)
Gratuity payable *				
Mr. Nirmal Jain	-	-	1.43	1.43
	-	-	(1.42)	(1.42)
Mr. R. Venkataraman	-	-	-	-
	-	-	(1.44)	(1.44)
Mr. Sumit Bali	-	-	-	-
	-	-	(0.46)	(0.46)
Leave encashment payable *				
Mr. Nirmal Jain	-	-	4.59	4.59
	-	-	(6.69)	(6.69)
Mr. R. Venkataraman	-	-	-	-
	-	-	(3.54)	(3.54)
Mr. Sumit Bali	-	-	-	-
	-	-	(0.24)	(0.24)

* 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 2020-2021, the Company has spent ₹ 47.10 million (P.Y. ₹ 120.19 million) out of the total amount of ₹ 47.10 million (P.Y. ₹ 120.19 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 AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 42.1. Maturity analysis of assets and liabilities as at March 31, 2021

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	20,518.72	-	20,518.72
(b)	Bank balance other than (a) above	13,749.36	1,656.91	15,406.27
(c)	Derivative financial instruments	-	416.88	416.88
(d)	Receivables			
	(i) Trade receivables	1,593.73	-	1,593.73
	(ii) Other receivables	5.10	-	5.10
(e)	Loans	110,268.74	45,674.25	155,942.99
(f)	Investments	-	12,042.57	12,042.57
(g)	Other financial assets	1,458.46	621.21	2,079.67
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	-	2,468.67	2,468.67
(b)	Deferred tax assets (net)	-	2,063.60	2,063.60
(c)	Investment property	-	2,640.02	2,640.02
(d)	Property, plant and equipment	-	955.44	955.44
(e)	Capital work-in-progress	-	65.60	65.60
(f)	Right of-use assets	-	2,793.94	2,793.94
(g)	Other intangible assets	-	9.15	9.15
(h)	Other non-financial assets	420.98	2,683.92	3,104.90
	Total Assets	**148,015.09**	**74,092.16**	**222,107.25**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	212.88	973.81	1,186.69
(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	664.22	-	664.22
	(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	480.76	2,573.46	3,054.22
(d)	Debt securities	15,318.20	38,128.53	53,446.73
(e)	Borrowings (other than debt securities)	47,442.26	44,737.57	92,179.83
(f)	Subordinated liabilities	4,693.89	12,680.09	17,373.98
(g)	Other financial liabilities	14,805.62	49.11	14,854.73
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	185.44		185.44
(b)	Provisions	253.20	62.43	315.63
(c)	Other non-financial liabilities	638.46		638.46
[3]	**Equity**			
(a)	Equity share capital	-	757.68	757.68
(b)	Other equity	-	37,449.64	37,449.64
	Total Liabilities and Equity	**84,694.93**	**137,412.32**	**222,107.25**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 42.2 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	122.20	-	122.20
	(ii) Other receivables	-	-	-
(e)	Loans	82,658.70	59,533.03	142,191.73
(f)	Investments	6,511.43	13,074.04	19,585.47
(g)	Other financial assets	387.04	1,236.06	1,623.10
[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	**106,940.71**	**86,562.05**	**193,502.76**
	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	477.28	-	477.28
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Finance lease obligation	426.11	2,187.20	2,613.31
(d)	Debt securities	14,439.46	43,748.70	58,188.16
(e)	Borrowings (other than debt securities)	39,309.39	30,006.52	69,315.91
(f)	Subordinated liabilities	2,964.32	13,339.76	16,304.08
(g)	Other financial liabilities	9,145.94	18.20	9,164.14
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	180.42	-	180.42
(b)	Provisions	172.93	279.88	452.81
(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	**67,844.42**	**125,658.34**	**193,502.76**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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, 2021	As at March 31, 2020
CRAR (%)**	25.40%	16.59%
CRAR - Tier I Capital (%)	17.51%	12.71%
CRAR - Tier II Capital (%)	7.89%	3.88%
Amount of subordinate debt raised as Tier- II capital *	13,117.81	8,959.21
Amount raised by issue of perpetual debt instruments.	-	-

*Gross of Unamortised Debenture Issue Expenses of ₹ 295.05 million (PY ₹ 154.19 million)

**March 20 Numbers recalculated to conform to the current year methodology

(ii) Disclosure of Investments

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Value of Investments		
Gross value of Investments*	**12,066.59**	**19,876.25**
(a) In India	12,066.59	19,876.25
(b) Outside India	-	-

(₹ in Millions)

Provision for depreciation/diminution	**24.02**	**290.78**
(a) In India	24.02	290.78
(b) Outside India	-	-
Net value of investments	**12,042.57**	**19,585.47**
(a) In India	12,042.57	19,585.47
(b) Outside India	-	-
Movement of provisions held towards depreciation on Investments		
Opening Balance	290.78	498.77
Add: Provision made during the year	-	212.00
Less : Write -off / write-back of excess provisions during the year	(266.76)	(419.99)
Closing balance	**24.02**	**290.78**

* Includes Mark to Market Gain of ₹ 82.75 million (P.Y ₹ 855.95 million)

(iii) Derivatives:

(a) Forward Rate Agreement / Interest Rate Swap

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
The notional principal of Forward/swap agreements	46,351.29	47,603.82
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	(769.81)	2,137.58

(b) Exchange traded Interest Rate "IR" derivatives

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
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 organisation 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 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 which is amortised over the period of contract.

On final settlement or squaring up of contracts for Derivatives Portfolio, the realised profit or loss after adjusting

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

the unrealised loss already accounted, if any, is recognised 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 recognised 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 unrealised losses on scrip basis being recognised in the Other Comprehensive Income.

(II) Quantitative Disclosure

(₹ in Millions)

Particulars	2020-2021		2019-2020	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
Derivatives (Notional Principle Amount):				
- For hedging *	39,396.29	6,955.00	40,648.82	6,955.00
Marked to market positions:				
a) Asset	416.88	-	2,405.21	-
b) Liability	973.81	212.88	-	267.63
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

* The Company has opted for hedge accounting under IND AS 109 as stated under the significiant accounting policies.

(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, 2021	March 31, 2020
Total number of loan assets under par structure	572,218	416,055
Total book value of loan assets	31,650.00	34,088.37
Sale consideration received	31,650.00	34,088.37

(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, 2021	March 31, 2020
No. of SPVs sponsored by the Company for securitisation transactions	20	17
Total amount of securitised assets as per the books of SPVs sponsored by the Company	33,031.37	13,005.13
Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet	-	-
Other amount of Securtised assets as per the books of SPV sponsored by the Company	6,106.80	9,400.47
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	602.90	737.10

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Particulars	March 31, 2021	March 31, 2020
b) On - Balance Sheet Exposures		
First Loss	3,096.84	1,978.26
Investment in PTC	-	-
Overcollateralisation	2,312.07	843.04
Amount of exposures to securitisation transaction other than MRR	26.94	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	-	-

(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	March 31, 2021	March 31, 2020
Total number of loan assets under par structure	1,083,460	1,159,950
Total book value of loan assets	60,807.91	62,132.09
Sale consideration received	60,807.91	62,132.09

(D) The information on direct assignement of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(₹ in Millions)

Particulars	March 31, 2021	March 31, 2020
No. of transactions assigned by the Company	22	21
Total amount outstanding	50,241.91	32,679.99
Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet	4,953.93	3,272.17
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	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Particulars	March 31, 2021	March 31, 2020
ii) Exposures to third party assigned tranactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	-	-
Others	-	-
ii) Exposures to third party assigned tranactions		
First Loss	-	-
Others	-	-

(E) Details of Financial Assets sold to Securitisation/ Reconstruction Company for Assets Reconstruction:

(₹ in Millions)

Particulars	March 31, 2021	March 31, 2020
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	March 31, 2021	March 31, 2020
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	March 31, 2021	March 31, 2020
Number of accounts sold	-	-
Aggregate outstanding	-	-
Aggregate consideration received	-	-

Note: The above excludes divestment of Mortgage Financing business and Microfinance business in the previous year.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

(v) Asset liability management maturity pattern

As at March 31, 2021

(₹ in Millions)

Particulars	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	-	-	-	-	-	-	-	-	-
Loans & Advances*	12,449.66	14,325.64	14,105.87	30,540.17	28,442.94	34,380.50	1,905.42	1,922.57	138,072.77
Other Advances	3,829.38	2,627.41	3,287.52	660.16	-	7,020.21	-	445.56	17,870.24
Investments	-	-	-	-	-	189.24	-	11,853.33	12,042.57
Borrowings (Includes foreign currency borrowings)	4,863.02	5,987.08	5,294.83	17,200.33	34,415.23	67,214.46	16,267.88	11,757.75	163,000.58
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Net of ECL Provision of ₹ 8,329.72 million

As at March 31, 2020

(₹ in Millions)

Particulars	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	-	-	-	-	-	-	-	-	-
Loans & Advances*	1,843.75	3,775.85	7,009.04	21,713.31	40,280.29	41,365.80	6,091.04	1,694.14	123,773.22
Other Advances	4,324.28	1,896.87	1,000.00	815.31	-	10,382.04	-	-	18,418.50
Investments	5,221.03	-	-	-	1,290.40	-	116.34	12,957.71	19,585.48
Borrowings (Includes foreign currency borrowings)	9,667.33	1,289.23	5,418.74	7,752.70	31,625.01	41,772.56	41,039.42	5,243.16	143,808.15
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Net of ECL Provision of ₹ 7,238.93 million

Note : EIR on borrowings has been considered in the last bucket.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(vi) Exposure to Real Estate Sector

(₹ in Millions)

Category	March 31, 2021	March 31, 2020
a) Direct Exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	30,288.27	31,094.54
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residentail building, multi tenanted commercial premises. industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based limits.	5,300.72	5,150.12
(iii) Investments in Mortgage back securities (MBS) and other securitised exposure-		
(a) Residential	-	-
(b) Commercial real estate	-	-
Total Direct Exposure (A)	**35,588.99**	**36,244.66**
b) Indirect Exposure (B)	**23,224.90**	**28,332.31**
Total Exposure to Real Estate Sector (A+B)	**58,813.89**	**64,576.97**

Note: Exposure includes amount outstanding including principal and interest overdue but excluding sanctioned undisbursed amounts.

(vii) Exposure to Capital Market:

(₹ in Millions)

Particulars	March 31, 2021	March 31, 2020
(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;	118.18	1,879.46
(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;	2,697.00	902.53
(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;	1,598.32	1,544.08
(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;	-	-
(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)	71.05	68.77
Total Exposure to Capital Market	**4,484.55**	**4,394.84**

Note:

(a) Exposure includes amount outstanding including principal and interest overdue.

(b) The above excludes direct equity and debt investment in own subsidiary companies.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(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, 2021		As at March 31, 2020	
		Amount	Rating assigned	Amount	Rating assigned
CARE Ratings Limited	Non Convertible Debenture	8,250	CARE AA; Negative (Double A; Outlook: Negative)	16,300	CARE AA; Stable [Double A; Outlook: Stable]
CARE Ratings Limited	Long Term Bank Facilities	4,000	CARE AA; Negative (Double A; Outlook: Negative)	20,000	CARE AA; Stable [Double A; Outlook: Stable]
CARE Ratings Limited	Preference Shares	-	-	500	CARE AA(RPS); Stable [Double A (RPS); Outlook: Stable]
CARE Ratings Limited	Subordinate Debt	1,000	CARE AA; Negative (Double A; Outlook: Negative)	2,000	CARE AA; Stable [Double A; Outlook: Stable]
ICRA Limited	Non Convertible Debentures Programme	49,033	[ICRA]AA(Negative) reaffirmed	50,000	[ICRA]AA (Negative); outstanding
ICRA Limited	Commercial Paper programme	80,000	[ICRA]A1+; reaffirmed	80,000	[ICRA]A1+; outstanding
ICRA Limited	Subordinate Debt Programme	7,450	[ICRA]AA(Negative) reaffirmed	10,000	[ICRA]AA (Negative); outstanding
ICRA Limited	Long Term Bank Lines	57,750	[ICRA]AA(Negative) reaffirmed	57,750	[ICRA]AA (Negative); outstanding
ICRA Limited	Long Term Principle Protected Equity Linked Debenture Programme	5,000	PP-MLD[ICRA]AA (Negative) reaffirmed	5,000	PP-MLD[ICRA] AA (Negative); outstanding
ICRA Limited	Long Term Principle Protected Market Linked Debenture Programme	3,640	PP-MLD[ICRA]AA (Negative) reaffirmed	5,000	PP-MLD[ICRA] AA (Negative); outstanding
ICRA Limited	Commercial Paper programme (IPO financing)	80,000	[ICRA]A1+; reaffirmed	80,000	[ICRA]A1+; assigned/ outstanding
ICRA Limited	Non convertible debenture programme	42,490	[ICRA]AA (Negative); reaffirmed	-	-
ICRA Limited	Long Term Programme	-	-	25,100	[ICRA]AA (Negative); outstanding
ICRA Limited	Secured NCD Programme	-	-	20,000	[ICRA]AA (Negative); outstanding
ICRA Limited	Unsecured NCD Programme	-	-	5,000	[ICRA]AA (Negative); outstanding
CRISIL Limited	Non Convertible Debentures*	50,000	CRISIL AA/Stable (Reaffirmed)	50,000	CRISIL AA/Stable (Reaffirmed)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Rating Agency	Product	As at March 31, 2021		As at March 31, 2020	
		Amount	Rating assigned	Amount	Rating assigned
CRISIL Limited	Subordinate Debt	3,484	CRISIL AA/Stable (Reaffirmed)	4,984	CRISIL AA/Stable (Reaffirmed)
CRISIL Limited	Long Term Principal Protected Market Linked Debentures	15,000	CRISIL PP-MLD AAr/Stable (Reaffirmed)	15,000	CRISIL PP-MLD AAr/Stable (Reaffirmed)
CRISIL Limited	Commercial Paper programme (IPO financing)	80,000	CRISIL A1+ (Reaffirmed)	80,000	CRISIL A1+ (Reaffirmed)
CRISIL Limited	Commercial Paper	85,000	CRISIL A1+ (Reaffirmed)	80,000	CRISIL A1+ (Reaffirmed)
CRISIL Limited	Total Bank Loan Facilities Rated (Long Term Rating)	20,000	CRISIL AA/Stable (Reaffirmed)	20,000	CRISIL AA/Stable (Reaffirmed)
CRISIL Limited	Non Convertible Debentures	-	-	3,250	CRISIL AA/Stable (Reaffirmed)
CRISIL Limited	Non Convertible Debentures	28,250	CRISIL AA/Stable	-	-
CRISIL Limited	Non Convertible Debentures	24,020	CRISIL AA/Stable	-	-
Brickwork Ratings	NCDs (Public Issue)*	50,000	BWR AA+ Negative Reaffirmed with outlook Negative	50,000	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative
Brickwork Ratings	Non Convertible Debentures	13,050	BWR AA+ Negative Reaffirmed with outlook Negative	-	-
Brickwork Ratings	Secured Non Covertible Debentures	500	BWR AA+ Negative Reaffirmed with outlook Negative	500	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative
Brickwork Ratings	Unsecured Subordinated Non Covertible Debentures	350	BWR AA+ Negative Reaffirmed with outlook Negative	350	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative
Moody's	Corporate family rating (CFR)	NA	B2 / Stable	NA	Ba3 / Stable
Moody's	Long-term foreign- and local-currency senior secured ratings to US$ 1 billion Medium Term Note (MTN) Programme	US$ 1000	B2 / Stable	US$ 1000	Ba3 / Stable
Fitch	Senior secured notes issued under US$ 1 billion Medium Term Note (MTN) Programme	US$ 1000	B+ / Stable	US$ 1000	B+ / Negative Watch
Fitch	Senior secured notes issued under US$ 400 million bond	US$ 400	B+ / Stable	-	-
Fitch	Long-Term Issuer Default Rating (IDR)	-	-	NA	B+ / Negative Watch

*Interchangeable between secured and subordinated debt.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

B) Details of migration of credit ratings during the year:

(₹ in Millions)

Rating Agency	Product	Rating assigned	Migration in ratings during the year
CARE Ratings Limited	Non Convertible Debenture	CARE AA; Negative (Double A; Outlook: Negative)	Change in outlook from CARE AA (stable) to CARE AA (Negative)
CARE Ratings Limited	Long Term Bank Facilities	CARE AA; Negative (Double A; Outlook: Negative)	Change in outlook from CARE AA (stable) to CARE AA (Negative)
CARE Ratings Limited	Subordinate Debt	CARE AA; Negative (Double A; Outlook: Negative)	Change in outlook from CARE AA (stable) to CARE AA (Negative)
Fitch	Senior secured notes issued under US$ 1 billion Medium Term Note (MTN) Programme	B+ / Stable	Change in outlook from B+ / Negative Watch to B+ / Stable
Moody's	Long-term foreign- and local-currency senior secured ratin gs to US$ 1 billion Medium Term Note (MTN) Programme	B2 / Stable	Change in rating from Ba3 / Stable to B2 / Stable

(x) During the previous 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 w.e.f March 30, 2020.

(xi) Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2021 & March 31, 2020 following are having Nil disclosure:

a. Draw down from reserves.

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	2020-2021	2019-2020
Mr. V. K Chopra	1.51	2.23
Ms. Geeta Mathur	1.41	2.01
Mr. Nilesh Vikamsey	1.56	2.20
Mr. Subbaraman Narayan	-	0.12
Mr. Arun Kumar Purwar	0.88	1.39
Mr. Kranti Sinha	-	0.20
Total	**5.36**	**8.15**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(xiv) Details of Provisions and Contingencies

(₹ in Millions)

Particulars	2020-2021	2019-2020
Provision for depreciation on investment	24.02	290.78
Provision towards non performing advances	(886.06)	(42.52)
Other Provision and Contingencies:		
Bad debts written off/(back)	5,686.45	3,540.74
Provision for Contingencies/Other financial assets	289.58	42.83
Provision for Standard Assets	2,577.17	(676.58)
Total	**7,691.16**	**3,155.25**
Provision made towards Income Tax	849.18	878.32

(xv) Details of concentration of advances, exposures & NPA:

a) Concentration of Advances

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total advances to twenty largest borrowers	28,318.14	29,237.60
Outstanding Advances	146,402.49	131,194.45
Percentage of advances to twenty largest borrowers to total advances	19.34%	22.29%

b) Concentration of Exposures

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers	28,653.48	29,900.14
Percentage of exposure to twenty largest borrowers / customers to total exposure	19.20%	22.53%

c) Concentration of NPAs

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to top four NPA accounts	696.90	2,481.73

d) Details of sectorwise NPA:

(₹ in Millions)

Particulars	% of NPAs to total advances in that sector	
	As at March 31, 2021	As at March 31, 2020
Agriculture & allied activities	0.00%	0.00%
MSME	11.09%	5.36%
Corporate borrowers	1.23%	4.57%
Services	0.00%	0.00%
Unsecured personal loans	6.97%	3.18%
Auto Loans	0.00%	0.00%
Other loans*	1.19%	1.50%

* Other loans include all loans that cannot be classified under any of the other sectors.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(xvi) Movement of NPAs:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Net NPAs to Net Advances (%)	0.98%	0.88%
(ii) Movement of NPAs (Gross)		
(a) Opening balance*	5,448.72	5,022.41
(b) Addition during the year	2,813.84	4,608.95
(c) Reduction during the year	(4,182.13)	(4,182.64)
(d) Closing balance*	4,080.43	5,448.72
* Includes Interest of ₹ 560.88 million (P.Y ₹ 1,318.26 million)		
(iii) Movement of Net NPAs		
(a) Opening balance	1,157.31	884.40
(b) Addition during the year	1,092.40	928.52
(c) Reduction during the year	(817.25)	(655.61)
(d) Closing balance	1,432.46	1,157.31
(iv) Movement of provision for NPAs (excluding provision on standard assets)		
(a) Opening balance**	4,291.41	4,138.01
(b) Addition during the year	1,721.43	3,680.43
(c) Reduction during the year	(3,364.87)	(3,527.03)
(d) Closing balance**	2,647.97	4,291.41

** Includes Interest of ₹ 560.88 million (P.Y ₹ 1,318.26 million)

Note: The above has been computed basis EAD for credit impaired advances.

(xvii) Disclosure of Complaints:

Particulars	2020-2021	2019-2020
i. Number of complaints pending at the beginning of year	5	8
ii. Number of complaints received during the year	1,007	694
iii. Number of complaints redressed during the year	1,001	697
iv. Number of complaints pending at the end of the year	11	5

Note: It excludes any customer complaints received and redressed by Fintech Partners of the Company

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(xviii)Disclosure of restructured accounts

Details for 2020-21

(₹ 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	
1	Restructured Accounts as on April 1 of the FY 2020 (opening 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	-	-	-	-	-	16.89	50.33	74.91	298.05	440.18	440.18
2	Fresh restructuring during the year 2020-2021	No. of borrowers	-	-	-	-	-	3,953	6	-	234	4,193	4,193
		Amount outstanding	-	-	-	-	-	2,259.75	3.20	-	132.35	2,395.30	2,395.30
		Provision thereon	-	-	-	-	-	207.73	2.41	-	111.81	321.96	321.96
3	Upgradations to restructured standard category during the FY 2020-2021	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
4	Increase / Decrease in existing restructured accounts[1]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	(5.73)	(0.33)	(1.45)	(1.87)	(9.38)	(9.38)
		Provision thereon	-	-	-	-	-	(0.46)	(0.28)	(0.71)	(1.52)	(2.97)	(2.97)
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2021 and hence need not be shown as restructured standard advances at the beginning of the next FY 2022	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during the FY 2020-2021[2]	No. of borrowers	-	-	-	-	-	(183)	(34)	8	209	-	-
		Amount outstanding	-	-	-	-	-	(67.83)	(41.12)	44.85	56.47	(7.63)	(7.63)
		Provision thereon	-	-	-	-	-	(6.33)	(23.14)	23.73	51.14	45.39	45.39
7	Fully recovered / Write-offs of restructured accounts during the FY 2020-2021	No. of borrowers	-	-	-	-	-	(178)	(57)	(5)	(563)	(803)	(803)
		Amount outstanding	-	-	-	-	-	(82.66)	(29.56)	(16.00)	(273.75)	(401.97)	(401.97)
		Provision thereon	-	-	-	-	-	(3.87)	(24.98)	(9.97)	(234.45)	(273.26)	(273.26)
8	Restructured Accounts as on March 31 of the FY 2021(closing figures)*	No. of borrowers	-	-	-	-	-	4,062	12	23	708	4,805	4,805
		Amount outstanding	-	-	-	-	-	2,323.19	5.49	177.38	266.05	2,772.12	2,772.12
		Provision thereon including provision for diminution in fair value	-	-	-	-	-	213.96	4.34	87.96	225.03	531.30	531.30

* 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'20 provision has been considered for previous asset category and Mar'21 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 million)
3004	1,660.14

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(xviii)Disclosure of restructured accounts

Details for 2019-20

(₹ 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	
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	134.43	134.43
		Provision thereon	-	-	-	-		3.91	28.33	0.02	3.30	35.56	35.56
2	Fresh restructuring during 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 year 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 2019 and hence need not be shown as restructured standard advances at the beginning of the next FY 2020	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

* 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 million)
468	218.01

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(xix) Asset Classification

(₹ in Millions)

Particulars	Outstanding Balance	Provision
Standard Assets	158,217.21	5,718.16
	(147,494.11)	(3,140.99)
Sub-Standard Assets	3,168.10	1,948.53
	(4,752.36)	(3,848.25)
Doubtful Assets	912.32	699.43
	(696.36)	(443.16)
Loss Assets	-	-
	-	-

Note:

a. ECL provisioning for Stage 1,2 & SICR of ₹ 5,718.16 million (P.Y ₹ 3,141.00 million) consists of interest accrued but not due and Interest overdue of ₹ 660.60 million (P.Y ₹ 218.2 million).

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 Impairement 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, 2021				March 31, 2020			
	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	23,468.81	1,097.55	-	24,566.36	27,716.48	1,197.73	-	28,914.21
Unsecured (other than falling within the meaning of public deposits)	16,112.47	1,261.51	-	17,373.98	15,555.02	749.05	-	16,304.07
(b) Deferred credits	-	-	-	-	-	-	-	-
(c) (i) Term loans from Banks	40,286.95	54.65	-	40,341.60	30,984.55	55.01	-	31,039.56
(ii) Term loans from Financial Institutions	7,311.00	53.91	-	7,364.91	7,463.80	54.78	-	7,518.58
(ii) Secured Medium Term Notes	28,037.95	842.42	-	28,880.37	28,967.38	306.57	-	29,273.95
(d) Inter–corporate loans and borrowings	-	-	-	-	500.00	-	-	500.00
(e) Commercial Paper	-	-	-	-	-	-	-	-
(f) Other Loans (Overdraft)	5,433.07	6.16	-	5,439.24	7,829.56	22.61	-	7,852.17
(g) Securitisation	39,034.07	-	-	39,034.07	22,405.61	-	-	22,405.61
Total	**159,684.33**	**3,316.21**	**-**	**163,000.54**	**141,422.40**	**2,385.75**	**-**	**143,808.15**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

2. Break – up of Loans and Advances including Bills Receivables [Other than included in (4) below]:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Assets side (Gross Value)		
(a) Secured	140,384.30	110,938.38
(b) Unsecured	23,888.41	38,492.28
Total	**164,272.71**	**149,430.66**

Note: The above include overdue principal.

3. Break- up of leased assets and stock on hire and other assets counting towards AFC activities:

(₹ in Millions)

Particulars	As at Marc h 31, 2021	As at March 31, 2020
(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 Marc h 31, 2021	As at March 31, 2020
Current Investments :		
1 Quoted :		
(i) Shares:		
(a) Equity	-	824.63
(b) Preference	-	-
(ii) Debentures and Bonds	-	0.23
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Certificate of Deposits)	-	-
IRB InvIT	-	18.76
2 Unquoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	447.01
(iii) Units of mutual funds	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(iv) Government Securities	-	5,220.80
(v) Others (please specify)	-	-
Alternative Investment Funds	-	-
Total (A)	**-**	**6,511.43**
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	11,853.33	11,969.21
(b) Preference of subsidiary companies	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	118.18	66.32
(iv) Government Securities	-	-
(v) Others (please specify)		
Alternative Investment Funds	71.06	50.01
Equity Shares	-	988.50
Total (B)	**12,042.57**	**13,074.04**
Grand Total (A+B)	**12,042.57**	**19,585.47**

5. Borrower Group-wise Classification of all assets financed as in (2) and (3) above:

(₹ in Millions)

Category	As at March 31,2021			As at March 31,2020		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties	-	-	-	-	**2,758.50**	**2,758.50**
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	-	-
c) Other related parties	-	-	-	-	2,758.50	2,758.50
2. Other than related parties	140,384.30	23,888.41	164,272.72	110,938.38	35,733.78	146,672.16
Total*	**140,384.30**	**23,888.41**	**164,272.72**	**110,938.38**	**38,492.28**	**149,430.66**

*Including ICD, Interest etc of ₹ 17,870.23 million (P.Y ₹ 18,236.21 million)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

6. Investor group wise classification of all investments (Current and Long Term) in shares and securities (Both quoted and unquoted) :

Category	As at March 31, 2021		As at March 31, 2020	
	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*	11,853.33	11,853.33	12,416.22	12,416.22
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	189.24	189.24	7,169.25	7,169.25
Total	**12,042.57**	**12,042.57**	**19,585.47**	**19,585.47**

* Includes Investments in equity shares of subsidiaries carried at cost and fair value is not disclosed

7. Other Information:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties*	4,080.43	5,448.72
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	1,432.46	1,157.31
(iii) Assets acquired in satisfaction of debt (Fair Value)	1,384.28	1,352.18

* Includes Interest of ₹ 560.88 million (P.Y ₹ 1,318.25 million)

(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	March 31, 2021	March 31, 2020
Number of gold loan accounts	57,058	38,682
Outstanding amount (₹ million)	3,099.00	1,200.31
Amount recovered in auction (₹ million)	3,083.30	1,487.55

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 AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

44. UNHEDGED FOREIGN CURRENCY EXPOSURE:

The unhedged foreign currency exposure as on March 31, 2021 is Nil (P.Y Nil).

Note: During the previous year the Company had open derivatives contracts of USD 2,643,750 without any corresponding financial instruments. The Company had subsquently cancelled the same on May 26, 2020.

45. GOLD LOAN PORTFOLIO

As on March 31, 2021 the gold loan portfolio comprises 39.16% (P.Y. 32.85%) of the total assets of the Company.

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 IND AS 108 on 'Segment Reporting'.

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.

48. FRAUD

During the year under review, the Company had come across frauds totalling to ₹ 138.87 million (P.Y ₹ 13.11 million) in respect of its lending operations. Out of the above, frauds amounting to ₹ 12.30 million (P.Y ₹ 0.57 million) has already been recovered. Suitable action has been taken by the Company to recover the balance amounts.

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, 2021	Maximum Outstanding during the year
5paisa Capital Limited	-	3,350.00
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	-
IIFL Home Finance Limited	-	2,260.00
IIFL Securities Limited (Formerly India Infoline Limited)	-	800.00
IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)	-	6,640.00
Samasta Microfinance Limited	-	3,700.00

(₹ in Millions)

Name of	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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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, 2021	As at March 31, 2020
Borrowings Outstanding having original maturity more than 1 year (excluding External Commercial Borrowings and Securitisation Liabilities)	76,868.15	70,845.45
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: Negative by Brickwork Ratings India Pvt Ltd
	ICRA AA (Pronounced as ICRA Double A) Outlook: Negative by ICRA 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	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	CRISIL AA (Pronounced as CRISIL Double A) Outlook: Stable by CRISIL Ltd

(₹ in Millions)

Details of the borrowings	2020-2021	2019-2020
i. Incremental borrowing done (a)	34,960.35	20,352.37
ii. Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	8,740.09	5,088.09
iii. Actual borrowings done through debt securities in FY (c)	15,960.35	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	Nil
v. Reasons for short fall, if any, in mandatory borrowings through debt securities	NA	NA

51. PUBLIC DISCLOSURE ON LIQUIDITY RISK:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings):

(₹ in Millions)

Number of Significant Counterparties	Amount*	% of Total deposits	% of Total Liabilities
24	100,690.49	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:

(₹ in Millions)

Particulars	Amount *	% of Total Borrowings
Top 10 Borrowings	62,363.07	38.26%

* The above table excludes details of benefeciary holders of the medium term note bonds as at March 31,2021

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(iv) Funding Concentration based on significant instrument/product:

(₹ in Millions)

Name of the instrument/product	Amount	% of Total Liabilities
Non Convertible Debentures	70,820.72	38.51%
Term Loans	47,712.68	25.94%
Securitisation	39,034.07	21.23%
Commercial Paper	-	0.00%
Cash Credit / Overdraft Facilties	5,433.07	2.95%

Note : Total Liabilities represent Total Liabilities as per Balance Sheet less Total Equity

(v) Stock Ratios:

Particulars	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	9.37%
Other short-term liabilities* as a % of total assets	7.76%

* 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,Borrowings (other than 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

52. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/220 DOR.NO.BP BC.63/21.04.048/2019-20 DATED APRIL 17, 2020:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
i) Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended *	14,103.11	11,261.75
ii) Respective amount where asset classification benefits is extended **	-	1,999.34
iii) Provision made during Q4 FY2020 and Q1 FY2021 in terms of paragraph 5 (as on June 30, 2020)	2,852.26	563.09
iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	958.27	-
v) Residual provisions in terms of paragraph 6 of the circular	1,893.99	-

* Outstanding as on March 31, 2021 and March 31, 2020 respectively on account of all cases where moratorium benefit was extended by the Company up to August 31, 2020.

**There are Nil accounts where asset classification benefit is extended till March 31, 2021. Post the moratorium period, the movement of ageing has been at actuals.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 DATED MARCH 13, 2020

As on 31 March 2021

(₹ in Millions)

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)
		Principal	Others	Total	Principal	Others	Total	Total	Total	Total
Standard	Stage 1	119,479.67	7,041.26	**126,520.93**	3,545.11	528.19	**4,073.30**	122,447.63	826.93	**3,246.38**
	Stage 2	23,403.27	1,888.39	**25,291.66**	1,070.30	132.42	**1,202.73**	24,088.93	93.61	**1,109.11**
Subtotal		**142,882.94**	**8,929.65**	**151,812.59**	**4,615.41**	**660.61**	**5,276.03**	**146,536.56**	**920.54**	**4,355.49**
Non Performing Assets (NPA)										
Substandard (Sub- Total -(A))	Stage 3	2,794.32	373.78	**3,168.10**	1,574.76	373.78	**1,948.53**	1,219.57	295.26	**1,653.27**
Doubtful										
Upto 1 Year	Stage 3	465.61	97.74	**563.35**	366.58	97.74	**464.32**	99.03	128.10	**336.22**
1 to 3 years	Stage 3	224.23	56.76	**280.99**	119.79	56.76	**176.55**	104.44	127.96	**48.59**
More than 3 years	Stage 3	35.38	32.60	**67.98**	25.96	32.60	**58.56**	9.42	35.28	**23.28**
Doubtful (Sub- Total -(B))		**725.22**	**187.10**	**912.32**	**512.33**	**187.10**	**699.43**	**212.89**	**291.34**	**408.09**
Loss (Sub- Total -(C))	Stage 3	-	-	**-**	-	-	**-**	-	-	**-**
Subtotal of NPA (Sub- Total -(A+B+C))		**3,519.54**	**560.88**	**4,080.42**	**2,087.08**	**560.88**	**2,647.96**	**1,432.46**	**586.60**	**2,061.36**
Other items such as guarantees, loan commitments, ICD's 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	-	6,404.62	**6,404.62**	-	70.90	**70.90**	6,333.72	-	**70.90**
	Stage 2	-	-	**-**	-	371.24	**371.24**	(371.24)	-	**371.24**
	Stage 3	-	-	**-**	-	-	**-**	-	-	**-**
Subtotal		**-**	**6,404.62**	**6,404.62**	**-**	**442.14**	**442.14**	**5,962.48**	**-**	**442.14**
Total	Stage 1	119,479.67	13,445.88	**132,925.55**	3,545.11	599.09	**4,144.20**	128,781.35	826.93	**3,317.28**
	Stage 2	23,403.27	1,888.39	**25,291.66**	1,070.30	503.66	**1,573.96**	23,717.70	93.61	**1,480.35**
	Stage 3	3,519.54	560.88	**4,080.42**	2,087.08	560.88	**2,647.96**	1,432.46	586.60	**2,061.36**
	Total	**146,402.48**	**15,895.15**	**162,297.63**	**6,702.49**	**1,663.63**	**8,366.12**	**153,931.51**	**1,507.15**	**6,858.99**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

As on 31 March 2020

(₹ in Millions)

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)
		Principal	Others	Total	Principal	Others	Total	Total	Total	Total
Standard	Stage 1	121,932.77	3,811.38	**125,744.15**	2,240.64	156.79	**2,397.43**	123,346.70	843.71	**1,553.72**
	Stage 2	5,131.22	490.38	**5,621.60**	457.44	61.43	**518.87**	5,102.73	227.98	**290.89**
Subtotal		**127,063.99**	**4,301.76**	**131,365.75**	**2,698.08**	**218.22**	**2,916.30**	**128,449.43**	**1,071.69**	**1,844.61**
Non Performing Assets (NPA)										
Substandard (Sub- Total -(A))	Stage 3	3,578.75	1,173.61	**4,752.36**	2,674.58	1,173.67	**3,848.25**	904.11	359.58	**3,488.67**
Doubtful										
Upto 1 Year	Stage 3	280.09	54.59	**334.68**	150.31	54.51	**204.82**	129.86	100.22	**104.60**
1 to 3 years	Stage 3	221.55	48.75	**270.30**	115.74	48.75	**164.49**	105.81	112.28	**52.21**
More than 3 years	Stage 3	50.08	41.31	**91.39**	32.52	41.32	**73.84**	17.55	39.80	**34.04**
Doubtful (Sub- Total -(B))		**551.72**	**144.65**	**696.37**	**298.57**	**144.58**	**443.15**	**253.22**	**252.30**	**190.85**
Loss (Sub- Total -(C))	Stage 3			**-**			**-**	-	-	**-**
Subtotal of NPA (Sub- Total -(A+B+C))		**4,130.47**	**1,318.26**	**5,448.73**	**2,973.15**	**1,318.25**	**4,291.40**	**1,157.33**	**611.88**	**3,679.52**
Other items such as guarantees, loan commitments, ICD's 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	-	15,274.52	**15,274.52**	-	136.65	**136.65**	15,137.88	-	**136.65**
	Stage 2	-	853.84	**853.84**	-	88.05	**88.05**	765.79	-	**88.05**
	Stage 3	**-**			-	-	**-**	-	-	**-**
Subtotal	**-**	**-**	**16,128.36**	**16,128.36**	**-**	**224.70**	**224.70**	**15,903.67**	**-**	**224.70**
Total	Stage 1	121,932.77	19,085.90	**141,018.67**	2,240.64	293.44	**2,534.08**	138,484.58	843.71	**1,690.37**
	Stage 2	5,131.22	1,344.22	**6,475.44**	457.44	149.48	**606.92**	5,868.52	227.98	**378.94**
	Stage 3	4,130.47	1,318.26	**5,448.73**	2,973.15	1,318.25	**4,291.40**	1,157.33	611.88	**3,679.52**
	Total	**131,194.46**	**21,748.38**	**152,942.84**	**5,671.23**	**1,761.17**	**7,432.40**	**145,510.43**	**1,683.57**	**5,748.83**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

54. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/88 DOR.NBFC (PD) CC. NO.102/03.10.001/2019-20 DATED NOV 04, 2019

Liquidity Risk Management Framework

(₹ in Millions)

Sr. No.	Particulars	As at March 31, 2021		As at December 31, 2020		As at September 30, 2020		As at June 30, 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	**Total High Quality Liquid Assets (HQLA)**	**12,589.63**	**12,589.63**	**9,574.41**	**9,496.35**	**4,211.73**	**3,980.18**	**8,373.25**	**8,148.20**
	Cash and Bank Balance	8,137.31	8,137.31	3,576.81	3,576.81	1,330.37	1,330.37	1,495.00	1,495.00
	Unencumbered Fixed Deposits	193.11	193.11	2,776.06	2,776.06	181.38	181.38	595.46	595.46
	Undrawn Sanctioned Limits	4,259.21	4,259.21	3,065.42	3,065.42	2,236.87	2,236.87	2,351.68	2,351.68
	Liquid Investments	-	-	156.12	78.06	463.10	231.55	3,931.10	3,706.05
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	4,196.64	4,826.14	-	-	1,700.00	1,955.00
4	Secured wholesale funding	15,694.31	18,048.46	1,385.43	1,593.25	2,873.77	3,304.84	4,358.58	5,012.37
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	13,070.74	15,031.35	11,143.08	12,814.54	6,857.32	7,885.91	2,969.03	3,414.38
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash outflows**	**28,765.06**	**33,079.82**	**16,725.15**	**19,233.93**	**9,731.09**	**11,190.75**	**9,027.61**	**10,381.75**
	Cash Inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	27,771.61	20,828.71	14,454.78	10,841.09	11,977.09	8,982.82	5,362.03	4,021.52
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**Total Cash Inflows**	**27,771.61**	**20,828.71**	**14,454.78**	**10,841.09**	**11,977.09**	**8,982.82**	**5,362.03**	**4,021.52**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		12,589.63		9,496.35		3,980.18		8,148.20
14	Total Net Cash Outflows		12,251.11		8,392.84		2,797.69		6,360.23
15	Liquidity Coverage Ratio(%)		102.76%		113.15%		142.27%		128.11%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Qualitative Disclosure

Liquidity Coverage Ratio (LCR) aims to ensure that NBFC's maintains an adequate level of unencumbered High Quality Liquidity Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The Company has robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events,including those involving the loss or impairment of both unsecured and secured funding sources. The Company has been able to manage LCR quite higher than the minimum requirement of 50%.

HQLA comprises of unencumbered Bank Balances and Fixed Deposit,Cash in Hand, Liquid Investments after appropriate haircut. The Company maintains sufficient balance of Cash and Bank Balance and liquid Investments which can be easily liquidated in times of stress.

Liquidity Coverage Ratio results drive by inflow of next 30 days receivable on loans and advances and corresponding outflow over the next 30 days towards borrowings and other liabilities.

55. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/ 2020-21 DATED AUGUST 6, 2020 ON RESOLUTION FRAMEWORK FOR COVID-19-RELATED STRESS:

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan **
Personal Loans	329	45.22	-	-	1.32
Corporate Loans *#	3,849	4,598.84	-	-	(6.64)
of which, MSME's	3,823	2,245.55	-	-	200.92
Others	10	5.36	-	-	0.35
Total	**4,188**	**4,649.41**	**-**	**-**	**(4.98)**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

#Negative provision due to closure of loan accounts.

**Increase in provision is as on March 31, 21 compared to the date of resolution

56. 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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

Place: Mumbai
Dated: May 06, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of IIFL Finance Limited (formerly known as IIFL Holdings Limited)

Report on the Audit of the Consolidated Ind AS Financial Statements

OPINION

We have audited the accompanying consolidated Ind AS financial statements of **IIFL Finance Limited** (formerly known as IIFL Holdings Limited) (hereinafter referred to as the 'Holding Company") its subsidiary companies and trusts with residual beneficial interest (the Holding Company , its subsidiaries and trusts with residual beneficial interest together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2021, the consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity (including Other Comprehensive Income) and the consolidated Cash Flows statement for the year then ended, and notes to the consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, of consolidated profit, of consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

EMPHASIS OF MATTER

- We draw attention to Note 8.3 to the Consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any key audit matters for the Group. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr.No	Key Audit Matter	Response to Key Audit Matter
1	**Information technology (IT) systems used in financial reporting process.** The Group's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. We therefore identified IT systems and controls over financial reporting as a key audit matter for the Group.	We obtained an understanding of the Group's IT control environment relevant to the audit. We tested the design, implementation and operating effectiveness of the Group's General IT controls over the key IT systems which are critical to financial reporting. We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements. In addition to above, we have also relied on the work of the internal auditors and system auditors.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr.No	Key Audit Matter	Response to Key Audit Matter
2	**Impairment of Financial Assets held at amortised cost:** 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 the management estimation of the related impairment provisions. this is considered to be a key audit matter. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Refer note 36A.3 to the Financial Statements.	We evaluated appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding. We assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. We evaluated management's controls over collation of relevant information used for determining estimates for management overlays. We tested review controls over measurement of impairment allowances and disclosures in financial statements.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included

INDEPENDENT AUDITOR'S REPORT (Contd.)

in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and

INDEPENDENT AUDITOR'S REPORT (Contd.)

performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTERS

We did not audit the financial statements of 1 wholly owned subsidiary company, whose financial statements reflect total assets of Rs 159,778.10 Million as at March 31, 2021, total revenues of Rs 20,677.50 Million and net cash outflows amounting to Rs 5,128.40 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements 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 subsidiary company, and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary company is based solely on the reports of the other auditors.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, 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.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding Company and its subsidiary incorporated in India to its managing director 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 Auditor's) Rules, 2014, in

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 – Refer Note 37 to the consolidated financial statements.

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **V. SANKAR AIYAR & CO.,**
Chartered Accountants
(FRN 109208W)

(G.SANKAR)
(M.No.46050)
UDIN: 21046050AAAADX7657

Place: Mumbai
Date: May 06,2021

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

Annexure referred to in our report of even date to the members of IIFL Finance Limited (formerly known as IIFL Holding Limited) on the consolidated accounts for the year ended 31st March 2021

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IIFL Finance Limited (formerly known as IIFL Holding Limited) (hereinafter referred to as "the Holding Company") and its subsidiary companies (hereinafter collectively referred to as "the Group") as of March 31st, 2021, which are Companies incorporated in India, as of that date

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other matters paragraph below , the Holding Company and subsidiary company 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, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

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

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

For **V. SANKAR AIYAR & CO.,**
Chartered Accountants
(FRN 109208W)

(G.SANKAR)
(M.No.46050)
UDIN: 21046050AAAADX7657

Place: Mumbai
Date: May 06,2021

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in Millions)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
[1] Financial assets			
(a) Cash and cash equivalents	4	26,157.44	15,656.01
(b) Bank balance other than (a) above	5	21,683.13	16,503.17
(c) Derivative financial instruments	6	503.87	2,426.49
(d) Receivables			
(i) Trade receivables	7	1,924.63	298.35
(ii) Other receivables	7	5.10	-
(e) Loans	8	335,331.60	285,346.51
(f) Investments	9	315.71	7,703.86
(g) Other financial assets	10	4,901.83	3,581.47
		390,823.31	**331,515.86**
[2] Non-financial assets			
(a) Current tax assets (net)		2,628.37	2,115.98
(b) Deferred tax assets (net)	11	3,111.43	2,429.46
(c) Investment property	12	2,710.60	2,142.63
(d) Property, plant and equipment	13	1,042.92	1,141.50
(e) Capital work-in-progress		65.60	24.94
(f) Right of use assets	14	2,981.91	2,771.26
(g) Other intangible assets	15	11.45	12.51
(h) Other non-financial assets	16	3,154.10	1,580.00
(i) Assets held for sale		139.46	-
		15,845.84	**12,218.28**
Total assets		**406,669.15**	**343,734.14**
LIABILITIES AND EQUITY			
Liabilities			
[1] Financial liabilities			
(a) Derivative financial instruments	6	1,565.76	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	17	1,104.29	787.23
(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	3,265.02	2,913.53
(d) Debt securities	18	83,303.50	87,047.31
(e) Borrowings (other than debt securities)	19	216,243.58	168,316.12
(f) Subordinated liabilities	20	23,019.28	21,683.77
(g) Other financial liabilities	21	20,859.75	13,085.81
		349,361.18	**294,272.95**
[2] Non-financial liabilities			
(a) Current tax liabilities (net)		1,024.39	424.97
(b) Provisions	22	539.39	684.06
(c) Other non-financial liabilities	23	1,809.95	696.03
		3,373.73	**1,805.06**
Total Liabilities		**352,734.91**	**296,078.01**
[3] Equity			
(a) Equity share capital	24	757.68	756.68
(b) Other equity	24.1	53,117.45	46,843.05
(c) Non-controlling interest	24.1	59.11	56.40
		53,934.24	**47,656.13**
Total Liabilities and Equity		**406,669.15**	**343,734.14**
See accompanying notes forming part of the financial statements	1 - 46		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: May 06, 2021

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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Millions)

Sr. No	Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
	Revenue from operations			
(i)	Interest income	25.1	54,116.81	46,188.85
(ii)	Dividend income	25.2	59.44	10.90
(iii)	Fees and commission income	26	1,112.55	1,185.06
(iv)	Net gain on fair value changes	27	1,716.05	-
(v)	Net gain on derecognition of financial instruments under amortised cost category	30	1,392.90	1,058.39
(I)	**Total revenue from operations**		**58,397.75**	**48,443.20**
(II)	**Other income**	28	1,496.20	818.05
(III)	**Total Income (I+II)**		**59,893.95**	**49,261.25**
	Expenses			
(i)	Finance costs	29	26,258.27	24,050.18
(ii)	Net loss on fair value changes	27	-	619.75
(iii)	Net loss on derecognition of financial instruments under amortised cost category	30	6,482.98	4,431.65
(iv)	Impairment on financial instruments	31	5,203.35	230.39
(v)	Employee benefits expenses	32	7,230.91	7,460.92
(vi)	Depreciation, amortisation and impairment	12, 13, 14 & 15	1,053.44	1,056.49
(vii)	Others expenses	33	3,617.16	4,160.03
(IV)	**Total Expenses (IV)**		**49,846.11**	**42,009.41**
(V)	**Profit before exceptional items and tax (III-IV)**		**10,047.84**	**7,251.84**
(VI)	Exceptional items		-	-
(VII)	**Profit before tax (V +VI)**		**10,047.84**	**7,251.84**
(VIII)	**Tax expense:**			
	(1) Current tax	34	3,173.53	1,778.98
	(2) Deferred tax	11 & 34	(779.46)	(32.69)
	(3) Current tax expenses relating to previous years	34	45.67	(28.21)
	Total tax expense		**2,439.74**	**1,718.08**
(IX)	**Profit for the year from continuing operations (VII-VIII)**		**7,608.10**	**5,533.76**
(X)	Impact of change in the rate of opening deferred tax	11	-	499.03
(X)	**Profit for the year**		**7,608.10**	**5,034.73**
	Attributable to:			
	Owners of the Company		7,601.18	5,018.30
	Non-controlling interest		6.92	16.43
(XI)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit (liabilities)/assets	34	21.48	(45.42)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 34	(5.41)	11.43
	Subtotal (A)		**16.07**	**(33.99)**
	(B) (i) Items that will be reclassified to profit or loss			
	(a) Cash flow hedge (net)	34	(338.79)	(43.58)
	(b) Fair value of loans carried at FVTOCI	34	(7.64)	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	11 & 34	87.19	10.97
	Subtotal (B)		**(259.24)**	**(32.61)**
	Other Comprehensive Income (A+B)		**(243.17)**	**(66.60)**
(XIII)	**Total Comprehensive Income for the year**		**7,364.93**	**4,968.13**
	Attributable to:			
	Owners of the Company		7,358.03	4,951.77
	Non-controlling interest		6.90	16.36
(XIV)	**Earnings per equity share of face value ₹ 2 each**	35		
	Basic (₹)		20.09	13.27
	Diluted (₹)		20.04	13.24
See accompanying notes forming part of the financial statements		1 - 46		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: May 06, 2021

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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2021		Year ended March 31, 2020	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**10,047.84**		**7,251.84**
Adjustments for:					
Depreciation, amortisation and impairment	12, 13, 14 &15	1,053.49		1,056.49	
Impairment on loans	31	4,842.85		134.94	
Impairment on other financial instruments		360.49		56.95	
(Profit)/ loss on sale of assets		2.97		6.76	
(Gain)/Loss on termination - Ind AS 116		(9.81)		(12.20)	
Net (Gain)/ loss on fair value changes on investment - realised		(1,616.74)		634.81	
Net (Gain)/ loss on fair value changes on investment - unrealised		(97.86)		44.43	
Net (Gain)/ loss on derecognition of financial instruments under amortised cost		(1,297.66)		(1,058.39)	
Employee benefit expenses - share based		4.36		89.36	
Employee benefit expenses - others		157.38		105.03	
Interest on loans	25.1	(53,160.40)		(44,528.77)	
Interest on deposits with banks	25.1	(827.29)		(897.87)	
Interest on investments		(129.12)		(73.79)	
Dividend Income	25.2	(59.44)		(10.90)	
Finance cost		24,461.34		24,241.82	
Interest expenses - Ind AS 116	29	269.45		239.02	
Loss on buy back of commercial paper (net)		-		9.92	
Loss/(Gain) on buy back of debentures (net)		(7.06)		(581.33)	
Exchange fluctuation on foreign currency borrowings realised		(23.46)		8.31	
Exchange fluctuation on foreign currency borrowings unrealised		(1,436.77)		2,206.05	
MTM on derivatives financial instruments		2,137.58		(2,137.58)	
Forward premium for hedge accounting		810.01		-	
Net (gain)/ loss on future contract		-		(15.37)	
Income received on loans		47,295.45		44,442.50	
Interest received on deposits with banks		859.62		898.16	
Income received on investments		103.34		9.58	
Finance cost paid		(23,865.72)	(173.00)	(22,992.89)	1,875.04
Operating profit before working capital changes			**9,874.84**		**9,126.88**
Decrease/ (increase) in financial and non financial assets		(2,485.37)		17,415.90	
Increase/ (decrease) in financial and non financial liabilities		8,922.94	6,437.57	(2,311.85)	15,104.05
Cash (used in)/ generated from operations			**16,312.41**		**24,230.93**
Taxes paid			(2,952.89)		(2,275.87)
Net cash (used in)/ generated from operating activities			**13,359.52**		**21,955.06**
Loans (disbursed)/ repaid (net)			(49,265.29)		(10,947.37)
Net cash (used in)/ generated from operating activities (A)			**(35,905.77)**		**11,007.69**

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and other intangible assets		(363.05)	(564.62)
Sale of property, plant and equipment and other intangible assets		20.25	73.68
Purchase of investment property		(63.08)	(111.83)
Proceeds from investments property		24.10	20.00
Purchase of investments		(360,519.20)	(1,391,522.59)
Proceeds from sale/ maturity of investments		369,203.73	1,385,847.47
Dividend received		59.44	10.90
Deposits placed with banks		(173,722.61)	(48,367.35)
Proceeds from maturity of deposits placed with banks		167,472.38	45,422.00
Net cash (used in)/ generated from investing activities (B)		**2,111.96**	**(9,192.34)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share capital		45.59	20.45
Adjustment due to Composite Scheme of Arrangement on account of merger		-	(22.10)
Dividend paid (including dividend distribution tax)		(1,136.87)	(986.76)
Proceeds from debt securities		217,261.80	196,493.61
Repayment of debt securities		(220,351.56)	(221,592.72)
Proceeds from borrowings (other than debt securities)		121,238.50	163,873.39
Repayment of borrowings (other than debt securities)		(72,693.40)	(141,013.67)
Proceeds from subordinated liabilities		6,708.60	7,036.78
Repayment of subordinated liabilities		(6,010.29)	(2,002.50)
Payment of lease liability		(767.11)	(719.88)
Net cash (used in)/ generated from financing activities (C)		**44,295.24**	**1,086.60**
Net increase in cash and cash equivalents (A + B + C)		**10,501.43**	**2,901.95**
Add : Opening cash and cash equivalents as at the beginning of the year		**15,656.01**	**12,754.06**
Cash and cash equivalents as at the end of the year	4	**26,157.44**	**15,656.01**
See accompanying notes forming part of the financial statements	1 - 46		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: May 06, 2021

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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

IIFL FINANCE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

(₹ in Millions)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2021 (refer note 24)	756.68	1.00	757.68
As at March 31, 2020 (refer note 24)	638.41	118.27	756.68

B. Other Equity

(₹ in Millions)

Particulars	Share Application Money Pending Allotment (Note 1)	Reserves & Surplus									Other Comprehensive Income			Total	Non-Controlling Interest
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987 (Note 6)	Capital Redemption Reserve (Note 7)	Debenture Redemption Reserve (Note 8)	Retained Earnings (Note 9)	Stock Compensation Reserve (Note 10)	Effective portion of Cash Flow Hedges (Note 11)	Fair value of loans carried at FVTOCI	Remeasurements of defined benefit (Note 12)		
Balance as at April 01, 2019	**-**	**838.85**	**18,319.12**	**5,986.91**	**4,750.72**	**1,575.70**	**2,301.11**	**513.75**	**8,522.48**	**95.37**	**(98.01)**	**-**	**(18.74)**	**42,787.26**	**44.07**
Profit for the year	-	-	-	-	-	-	-	-	5,018.30	-		-	-	5,018.30	16.43
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(32.61)	-	(33.92)	(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**	**11,055.30**	**174.14**	**(130.62)**	**-**	**(52.66)**	**46,843.05**	**56.40**
Profit for the year	-	-	-	-	-	-	-	-	7,601.18	-	-	-		7,601.18	6.92
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(253.52)	(5.72)	16.09	(243.15)	(0.02)
Interim dividend	-	-	-	-	-	-	-	-	(1,135.41)	-	-	-	-	(1,135.41)	(1.46)
Change in Minority	-	-	-	-	-	-	-	-	2.73	-	-	-	-	2.73	(2.73)
Transfer to/ from reserves	-	-	12.62	6.82	819.59	805.00	-	-	(1,624.59)	(19.44)	-	-	-	(0.00)	-
Addition during the year	-	-	44.59	-	-	-	-	-	0.10	4.36	-	-	-	49.05	-
Balance as at March 31, 2021	**-**	**838.85**	**18,409.81**	**6,531.47**	**6,402.53**	**2,873.70**	**2,301.11**	**128.04**	**15,899.31**	**159.06**	**(384.14)**	**(5.72)**	**(36.57)**	**53,117.45**	**59.11**

Notes:

1. **Share application money pending allotment:** Money received for share application for which allotment is pending.
2. **Capital Reserve:** 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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Particulars	Share Application Money Pending Allotment (Note 1)	Reserves & Surplus									Other Comprehensive Income			Total	Non-Controlling Interest
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987 (Note 6)	Capital Redemption Reserve (Note 7)	Debenture Redemption Reserve (Note 8)	Retained Earnings (Note 9)	Stock Compensation Reserve (Note 10)	Effective portion of Cash Flow Hedges (Note 11)	Fair value of loans carried at FVTOCI	Remeasurements of defined benefit (Note 12)		

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. **Effective portion of Cash Flow Hedges:**This reserve refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
12. **Remeasurements of defined benefit:** This reserve refers to remeasurement of gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets of the defined benefit plan.

See accompanying notes forming part of the financial statements (1 - 46)

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: May 06, 2021

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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

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 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 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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, 2021.

d) The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

e) Business combinations: Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies.

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

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

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

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

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

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

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

iii. List of subsidiaries consolidated

The individual Balance Sheet as at March 31, 2021, Statement of Profit and Loss and cash flow statement for the year ended March 31, 2021 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, 2021	As at March 31, 2020
IIFL Home Finance Limited (formerly India Infoline Housing Finance Limited (IIHFL))	Direct Subsidiary	India	100%	100%
Samasta Microfinance Limited (Samasta)#	Direct Subsidiary	India	99.09%	98.89%
Clara Developers Private Limited (Clara) (Upto July 26, 2020)	Direct Subsidiary	India	N.A	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

During the year ended March 31, 2021, the Company transferred 6,60,61,285 number of fully paid equity shares of .10/- each constituting of 25% equity shares held by the Company in Samasta Microfinance Limited, a subsidiary Company, to IIFL Home Finance Limited, a Wholly-owned subsidiary Company.

The percentage of holding in Samasta Microfinance Limited during the year increased from 98.89% to 99.09%, consequently as on March 31, 2021, the net worth increased by 0.20% amounting to ₹ 12.84 (P.Y ₹ 27.31 mn) mn and profit after tax increased by ₹ 1.31 mn (P.Y ₹ 5.73 mn).

On the consolidation of Eminent Trust October 2019 Profit after Tax decreased by 139.00 mn (P.Y 86.70 mn), and the net worth decreased by 225.70 mn (P.Y 86.70 mn)

On the consolidation of Eminent Trust November 2019 during the year the Profit after Tax decreased by 207.38 mn (P.Y 81.70 mn), and the net worth decreased by 289.08 mn (P.Y 81.70 mn).

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

(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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

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.

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

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

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Group's Statement of Profit and Loss include, among other things, fees charged for servicing a loan.

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 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

* 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(e) Non-current Assets held for Sale

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

The Group repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets physically acquired by the Company under SARFASI Act, 2002 and sale is highly probable has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Company is committed to sell these assets. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(f) 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.

(g) Share-based payment arrangements

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

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

Securities premium includes:

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

(h) Employee benefits

Defined contribution plans

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

Defined benefit plans

Short term employee benefits: Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. These benefits include performance incentive and compensated absences.

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

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

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

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

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

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

(i) Earnings per share

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

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

(j) Taxes on income

Current tax

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

Deferred tax

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

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans and the reversal of temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

For transactions and other events recognised in profit or loss, any related tax effects are also recognised

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

Current and deferred tax for the year

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

(k) Financial instruments

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

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

Financial assets

Classification and measurement

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

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

Financial instruments measured at amortised cost

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

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

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

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

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

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

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

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

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on

specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Interest income is recognised in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognised when the Group's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognised in the Statement of Profit and Loss when the Group's right to receive dividends is established.

Reclassifications

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

Impairment of financial assets

Group 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 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

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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 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.

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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.

(l) Cash and bank balances

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(m) Goods and service tax input credit

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

(n) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

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(o) Foreign currencies

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

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

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

(p) Segment reporting

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

(q) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

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

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

Onerous contracts

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

Contingent liability is disclosed in case of:

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

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

(r) Commitments

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

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Funding related commitment to associate and joint venture companies; and

c) Other non-cancellable commitments, if any.

(s) Statement of cash flows

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

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes and unrealised foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

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

(t) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or

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incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

(u) Derivative financial instruments and hedging

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

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

Hedge accounting

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

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

Cash flow hedges

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

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

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

(v) 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.

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

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

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

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

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

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

As a lessor

Leases for which the Group is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Critical accounting estimate and judgement

1. **Determination of lease term**

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

2. **Discount rate**

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

The Group as a lessee

As a lessee, the Group leases assets which includes gold loan branches/office premises and vehicles to employees. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for these leases.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and Cash Equivalents		
Cash on hand	225.25	805.91
Balance with Banks - In current accounts	24,763.18	11,169.28
- In Deposit accounts	1,168.10	3,680.00
- Interest accrued on fixed deposits	0.91	0.82
Total	**26,157.44**	**15,656.01**

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

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	131.11	1,169.06
In Deposit accounts (refer note 5.1 below)	21,453.12	15,202.89
Interest accrued on fixed deposits	98.90	131.22
Total	**21,683.13**	**16,503.17**

Note 5.1 Out of the Fixed Deposits shown above

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Lien marked	14,632.11	8,596.90
Margin for credit enhancement	6,417.33	5,934.59
Other deposits	403.68	671.40
Total	**21,453.12**	**15,202.89**

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Millions)

Part I	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives:						
Spot and forwards	39,396.29	416.88	973.81	40,648.82	2,405.21	-
Cross Currency Interest Rate Swaps	3,630.75	-	292.08	3,630.75	-	150.27
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate Swaps	6,955.00	-	212.88	6,955.00	-	267.63
Options Purchased (Note ii)	55.62	86.99	86.99	55.62	21.28	21.28
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	-	-	-
Total Derivative Financial Instruments	**50,037.66**	**503.87**	**1,565.76**	**51,290.19**	**2,426.49**	**439.18**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Part II	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging						
Options Purchased	55.62	86.99	86.99	55.62	21.28	21.28
(ii) Cash flow hedging						
Currency derivatives	43,027.04	416.88	1,265.89	3,630.75	-	150.27
Interest rate derivative	6,955.00	-	212.88	-	-	
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives						
Currency derivative	-	-	-	40,648.82	2,405.21	-
Interest rate derivative	-	-	-	6,955.00	-	267.63
Forward exchange contract	-	-	-	-	-	-
Total Derivative Financial Instruments	**50,037.66**	**503.87**	**1,565.76**	**51,290.19**	**2,426.49**	**439.18**

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, 2021						
Derivative Asset	6,925.62	503.87	55.62	86.99	6,870.00	416.88
Derivative Liabilities	43,167.66	1,565.76	55.62	86.99	43,112.04	1,478.77
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

Note:

(i) During the previous year ended as at March 31, 2020 the Group had open derivatives contracts of USD 2,643,750 without any corresponding financial instruments. The Group has subsquently cancelled the same on May 26, 2020.

(ii) Options invested are tied up to Secured Non Convertible Debentures of ₹ 1.23 million (P.Y ₹ 1.23 million) and Secured Non Convertible Debentures of ₹ 20.05 million (P.Y ₹ 20.05 million) made as per the terms of issue and on maturity will be transferred to the investors of the NCD.

6.1 Hedging activities and derivatives

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

6.1.1 Derivatives designated as hedging instruments

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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, 2021	As at March 31, 2020
Notional amount	49,982.04	3,630.75
Carrying amount	1,061.89	150.27
Line item in the statement of financial position	Derivative financial instrument	Derivative financial instrument
Change in fair value used for measuring ineffectiveness for the year	(253.52)	(32.61)

(₹ in Millions)

Impact of hedging item	As at March 31, 2021	As at March 31, 2020
Change in fair value	(253.52)	(32.61)
Cash flow hedge reserve	(253.52)	(32.61)
Cost of hedging	-	-

(₹ in Millions)

Effect of Cash flow hedge	As at March 31, 2021	As at March 31, 2020
Total hedging gain / (loss) recognised in OCI	(253.52)	(32.61)
Ineffectiveness recognised in profit or (loss)	-	(53.10)

NOTE 7. RECEIVABLES

(₹ in Millions)

Receivables	As at March 31, 2021	As at March 31, 2020
(i) Trade Receivables		
Receivables considered good - Secured	1,564.65	-
Receivables considered good - Unsecured*	359.98	298.35
Receivables - credit impaired	2.95	2.95
Total (i) - Gross	**1,927.58**	**301.30**
Less: Impairment loss allowance	(2.95)	(2.95)
Total (i) - Net	**1,924.63**	**298.35**
(ii) Other Receivables		
Receivables considered good - Unsecured	5.10	-

* including payable to Group Companies (refer note 39.2)

Notes:

1. No trade or other receivables are due from directors or other officer of the Group either severally or jointly, with any other person. Nor 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.

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 8. LOANS

(₹ in Millions)

Particulars	As at March 31, 2021		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	260,513.84	52,662.86	313,176.70
(ii) Non Convertible Debentures - for financing real estate projects	22,713.41	-	22,713.41
(iii) Inter corporate deposit	-	-	-
(iv) Others (Dues from Customers etc)	13,881.16	-	13,881.16
Total (A) - Gross	**297,108.41**	**52,662.86**	**349,771.27**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 3,828.96 million and Stage 3 Interest ₹ 1,169.47 million)	(13,948.47)	(491.20)	(14,439.67)
Total (A) - Net	**283,159.94**	**52,171.66**	**335,331.60**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	238,337.53	49,451.28	287,788.81
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	3,359.70	34.91	3,394.61
(iv) Unsecured	55,411.18	3,176.67	58,587.85
Total (B) - Gross	**297,108.41**	**52,662.86**	**349,771.27**
Less: Impairment loss allowance	(13,948.47)	(491.20)	(14,439.67)
Total (B) - Net	**283,159.94**	**52,171.66**	**335,331.60**
(C)			
(I) Loans in India	**297,108.41**	**52,662.86**	**349,771.27**
(i) Public Sector	-	-	-
(ii) Others	297,108.41	52,662.86	349,771.27
Less: Impairment loss allowance	(13,948.47)	(491.20)	(14,439.67)
Total(C) (I) - Net	**283,159.94**	**52,171.66**	**335,331.60**
(II) Loans outside India	**-**	**-**	**-**
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	**-**	**-**	**-**
Total C (I) and C (II)	**283,159.94**	**52,171.66**	**335,331.60**

* 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
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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	200,039.38	58,513.66	258,553.04
(ii) Non Convertible Debentures - for financing real estate projects	23,787.05	-	23,787.05
(iii) Inter Corporate Deposit (refer note 39.2)	4,293.60	-	4,293.60
(iv) Others (Dues from Customers etc)	8,684.98	-	8,684.98
Total (A) - Gross	**236,805.01**	**58,513.66**	**295,318.67**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 3,798.87 million and Stage 3 Interest ₹ 1,608.83 million)	(9,569.16)	(403.00)	(9,972.16)
Total (A) - Net	**227,235.85**	**58,110.66**	**285,346.51**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	186,510.56	54,543.88	241,054.44
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	-	-	-
(iv) Unsecured	50,294.45	3,969.78	54,264.23
Total (B) - Gross	**236,805.01**	**58,513.66**	**295,318.67**
Less: Impairment loss allowance	(9,569.16)	(403.00)	(9,972.16)
Total (B) - Net	**227,235.85**	**58,110.66**	**285,346.51**
(C)			
(I) Loans in India	**236,805.01**	**58,513.66**	**295,318.67**
(i) Public Sector	-	-	-
(ii) Others	236,805.01	58,513.66	295,318.67
Less: Impairment loss allowance	(9,569.16)	(403.00)	(9,972.16)
Total (C) (I)-Net	**227,235.85**	**58,110.66**	**285,346.51**
(II) Loans outside India	**-**	**-**	**-**
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	**-**	**-**	**-**
Total C (I) and C (II)	**227,235.85**	**58,110.66**	**285,346.51**

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

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

Loans secured by Government Guarantee are credit facilities provided under the Emergency Credit Line Guarantee Scheme backed by an unconditional and irrevocable guarantee provided by Government of India.

8.2 Secured loans include loans aggregating to ₹ 2,677.98 million (P.Y ₹ 3,467.03 million) in respect of which the creation of security is under process.

8.3 The Group'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 included 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. 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. The Group as on March 31, 2021 as a management overlay on account of COVID is carrying additional ECL provision of ₹ 2,477.00 million (March 31,2020 ₹ 1,523.20 million)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 9. INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2021		
	At Fair Value through Profit and Loss	At Cost	Total
(A)			
Mutual funds	118.18	-	118.18
Alternate investment funds	71.06	-	71.06
Government securities	-	-	-
Debt securities	-	125.97	125.97
Equity instruments	0.50	-	0.50
Others	-	-	-
Total – Gross (A)	**189.74**	**125.97**	**315.71**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	189.74	125.97	315.71
Total – (B)	**189.74**	**125.97**	**315.71**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**189.74**	**125.97**	**315.71**

(₹ in Millions)

Particulars	As at March 31, 2020		
	At Fair Value through Profit and Loss	At Amortised 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	155.57	155.80
Equity instruments	2,192.16	-	2,192.16
Others	18.77	-	18.77
Total – Gross (A)	**7,548.29**	**155.57**	**7,703.86**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	7,548.29	155.57	7,703.86
Total – (B)	**7,548.29**	**155.57**	**7,703.86**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**7,548.29**	**155.57**	**7,703.86**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 9.1 Investment details script wise

Particulars	As at March 31, 2021			As at March 31, 2020		
	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			**118.18**			**66.32**
IIFL Focused Equity Fund-Direct Plan-Growth	4,562,418.45	10.00	118.18	4,562,418.45	10	66.32
Alternate investment fund			**71.06**			**50.01**
Phi Capital Growth Fund-I	298.40	100,000	43.08	173.97	100,000	21.17
Indiareit Apartment Fund - Class B	22.63	100,000	3.58	23.20	100,000	4.27
IIFL Income Opportunities Fund- Special Situation - Class B	932,923.14	3.9963	2.03	932,923.14	3.9963	2.04
IIFL Income Opportunities Fund- Special Situation - Class S	10,278,484.68	3.9963	22.37	10,278,484.68	3.9963	22.53
Government securities			**-**			**5,220.80**
Government securities	-	-	-	50,000,000.00	100	5,220.80
Debt securities			**125.97**			**155.80**
9.25% DHFL - 2023	-	-	-	8,908.00	1,000	0.23
Elite Mortgage HL Trust June 2019 Series A PTC	5.00	35,854,404	125.97	5.00	35,854,404	155.57
Equity instruments			**0.50**			**2,192.16**
TransUnion CIBIL Limited	-	-	-	250,000.00	10	988.50
SBI Cards and Payment Services Limited (formerly known as SBI Cards and Payment Services Private Limited)	-	-	-	1,944,804.00	10	1,203.16
Alpha Microfinance Consultants Private Limited	50,000.00	10	0.50	50,000.00	10	0.50
Others			**-**			**18.77**
IRB InvIT Fund	-	-	-	732,500.00	93.50	18.77
Total Gross			**315.71**			**7,703.86**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)		
Security deposits	324.19	292.03
Deposit with Exchange/Clearing Corporation of India Ltd	2.80	25.40
Interest strip asset on assignment	3,843.01	2,545.35
Staff advances	1.41	1.04
Insurance receivable	525.24	353.93
Less: Provisions on insurance receivables (Refer note 10.1 below)	(181.73)	(112.48)
Other receivables	340.21	326.78
Accrued interest on investments	-	102.72
Other advance	46.70	46.70
(Unsecured, considered doubtful)		
Security deposit for rented premises (Refer note 10.2)	11.26	12.99
Less: Impairment loss allowance on security deposit (refer note 10.2)	(11.26)	(12.99)
Total	**4,901.83**	**3,581.47**

Note 10.1 Provision on Insurance Receivable:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening	**112.48**	**71.38**
Addition	72.80	59.04
Reduction	(3.55)	(17.94)
Closing	**181.73**	**112.48**

Note 10.2 Provisions on Security Deposits:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening	**12.99**	**16.34**
Addition	4.79	3.51
Reduction	(6.52)	(6.86)
Closing	**11.26**	**12.99**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities for the year ended March 31, 2021 are as follows:

(₹ in Millions)

Particulars	Opening balance (as on April 01, 2020)	Recognised in profit or loss *	Recognised in/ reclassified from OCI **	Closing balance (as on March 31, 2021)
Deferred tax assets				
Property, plant and equipment	212.03	34.21	-	246.24
Provisions, allowances for doubtful receivables / loans	2,351.63	1,040.41	-	3,392.04
Compensated absences and retirement benefits	67.12	(3.09)	(5.41)	58.62
MTM on derivative financial instruments	68.88	(36.44)	35.69	68.13
Expenses deductible in future years	89.26	41.71	-	130.97
C/f losses on investments	142.19	(142.19)	-	-
Cash flow hedge reserve	-	-	73.24	73.24
Fair value of loans carried at FVTOCI	-	-	1.92	1.92
Leases - Ind AS 116	47.47	23.91	-	71.38
Income amortisation (net)	(549.12)	(305.39)	-	(854.51)
Provision for 36(1)(viia)	-	(76.60)	-	(76.60)
Deferred tax assets (net)	**2,429.46**	**576.53**	**105.44**	**3,111.43**

* Includes prior period amount of ₹ 202.94 million.

** Excluding amount of ₹ 23.66 million towards income tax expense for MTM on derivative financial instruments.

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	188.34	(58.04)	6.80	(68.22)	68.88
Expenses deductible in future years	187.38	(85.11)	(13.01)	-	89.26
C/f losses on investments	68.36	(9.28)	83.11	-	142.19
Leases - Ind AS 116	-	-	47.47	-	47.47
Income amortisation (net)	(361.07)	96.39	(284.44)	-	(549.12)
Provision for 36(1)(viia)	(16.11)	4.51	11.60	-	-
Deferred tax assets (net)	**2,952.58**	**(499.03)**	**32.70**	**(56.79)**	**2,429.46**

*Excluding amount of ₹ 79.19 million towards income tax expense for MTM on derivative financial instruments

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 12. INVESTMENT PROPERTY (AT COST)

(₹ in Millions)

Particulars	Property (Flats) (refer note 12.1 & 12.2) *	Building	Land (refer note 12.1 & 12.2)	Total
Gross carrying value				
As at April 1, 2020	**1,556.02**	**111.83**	**1,058.85**	**2,726.70**
Additions during the year	-		63.08	63.08
Deductions/adjustments during the year	-	(36.99)	-	(36.99)
As at March 31, 2021	**1,556.02**	**74.84**	**1,121.93**	**2,752.79**
Less : Impairment loss allowance/Adjustment	(0.07)	(4.79)	(37.33)	(42.19)
Net carrying value as at March 31, 2021	**1,555.95**	**70.05**	**1,084.60**	**2,710.60**
Fair value as on March 31, 2021 (Fair value hierarchy : Level 3)	1,710.35	70.05	1,084.82	2,865.22

***Distress value of above flats is ₹ 1,596.10 millions as on March 31, 2021.**

(₹ in Millions)

Particulars	Property (Flats) (refer note 12.1)*	Building	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	-	111.83	-	111.83
Deductions/adjustments during the year	-	-	(20.00)	(20.00)
As at March 31, 2020	**1,556.02**	**111.83**	**1,058.85**	**2,726.70**
Less : Impairment loss allowance	(478.20)	-	(105.87)	(584.07)
Net carrying value as at March 31, 2020	**1,077.82**	**111.83**	**952.98**	**2,142.63**
Fair value as on March 31, 2020 (Fair value hierarchy : Level 3)	1,710.38	111.83	1,067.45	2,889.66

***Distress value of above flats is ₹ 1,197.07 millions as on March 31, 2020.**

12.1: Management has acquired possession of these properties in satisfaction of the debts and intends to dispose them in due course, subject to conducive market conditions. These properties have been valued taking into consideration various factors such as location, facilities & amenities, quality of construction, percentage of completion of construction (as for some properties the construction is currently on hold), residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation and ready recknor published by government. These valuations 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.

12.2: In respect of an investment property being situated in the city of Mumbai the Supreme Court vide their order dated October 24, 2019 held that there was deemed permission for PPL under DCR 6(4) as per notice of architect dated May 07,2011 and hence there was no question of regularisation of the PPL and no further interference was called for. Accordingly the MCGM was directed to take over the PPL and proceed further to decide the issue concerning 13 floors, i.e: 44 to 56 floors of the residential building. In view of the above the builder is permitted to continue with the construction of the building. Considering this development the Group has obtained fair value of the said property from the property valuer during the year and in accordance with the accounting policy has reversed the provision for impairment to the tune of ₹ 478.16 million.

The Group has also reversed provision for impairment in respect of another investment property to the tune of ₹ 68.54 million during the year based on the fair valuation of the land carried out by the property valuer.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (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, 2020	0.86	17.94	732.04	17.12	136.04	359.31	198.85	472.81	1,934.97
Additions during the year	-	2.36	176.24	-	15.52	-	45.80	62.12	302.04
Deductions/adjustments	-	(2.96)	(28.48)	-	(38.16)	-	32.96	(54.30)	(90.94)
As at March 31, 2021	0.86	17.34	879.80	17.12	113.40	359.31	277.61	480.63	2,146.07
Depreciation									
As at April 1, 2020	-	10.33	296.40	12.01	67.85	63.45	85.02	258.41	793.47
Depreciation for the year	-	2.81	138.54	2.65	16.24	21.15	50.19	143.16	374.74
Deductions/adjustments	-	(2.14)	(10.27)	-	(14.64)	-	1.59	(39.60)	(65.06)
Up to March 31, 2021	-	11.00	424.67	14.66	69.45	84.60	136.80	361.97	1,103.15
Net block as at March 31, 2021	0.86	6.34	455.13	2.46	43.95	274.71	140.81	118.66	1,042.92

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

(₹ 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

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

NOTE 14. LEASES

(i) As a Lessee

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

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2020	2,749.84	21.42	2,771.26
Addition during the year	1,012.37	1.54	1,013.91
Deduction/Adjustment	(149.78)	(3.63)	(153.41)
Depreciation during the year	(638.94)	(10.91)	(649.85)
Closing Balance as at March 31, 2021	2,973.49	8.42	2,981.91

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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(₹ 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**

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

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	515.51	478.68
Non-current lease liabilities	2,749.51	2,434.86
Total	**3,265.02**	**2,913.53**

c) Movement in lease liabilities:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2020	**2,890.93**	**22.60**	**2,913.53**
Addition during the year	1,011.46	1.55	1,013.01
Deduction/Adjustment	(160.00)	(3.86)	(163.86)
Finance cost accrued during the period	268.04	1.41	269.45
Payment of lease liabilities	(754.73)	(12.38)	(767.11)
Closing Balance as at March 31, 2021	**3,255.70**	**9.31**	**3,265.02**

(₹ 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**

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

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	764.28	698.48
One to two years	743.59	638.54
Two to five years	1,660.16	1,537.89
More than five years	1,189.18	941.25
Total	**4,357.21**	**3,816.16**

e) Rental expense recorded for short-term leases was ₹ 133.47 million (P.Y ₹ 230.83 million)

f) Amounts recognised in profit or loss

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Interest on lease liabilities	269.45	239.02
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	4.66	6.62
Depreciation relating to leases	649.86	632.17
Total	**923.97**	**877.81**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

g) Amounts recognised in the statement of cash flows

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
Total cash outflow for leases	767.11	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 ₹ 26.62 million (P.Y ₹ 32.88 million). Future minimum rentals receivable under non-cancellable operating leases are as follows:

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
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	Software
Cost or valuation as at April 01, 2020	**56.69**
Additions during the year	23.01
Deductions /Adjustments	-
As at March 31, 2021	**79.70**
Amortisations	
As at April 01, 2020	**44.18**
Additions during the year	24.07
Deductions /Adjustments	-
Up to March 31, 2021	**68.25**
Net block as at March 31, 2021	**11.45**

(₹ in Millions)

Particulars	Software
Cost or valuation as at April 01, 2019	**52.27**
Additions during the year	4.54
Deductions /Adjustments	(0.12)
As at March 31, 2020	**56.69**
Amortisations	
As at April 01, 2019	**28.77**
Additions during the year	15.44
Deductions /Adjustments	(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 AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 16. OTHER NON-FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Prepaid expenses	148.04	295.05
Receivable from securitisation trust	2,312.07	843.04
Advances for operational expenses	501.77	262.45
Deposit with government	18.92	18.92
GST / Service tax input	159.43	155.13
Advance towards gratuity (refer note 32.2)	8.25	-
Capital Advance	1.82	0.53
Other assets	3.80	4.88
Total	**3,154.10**	**1,580.00**

* Includes foreign currency payments amounting to ₹ 90.70 million (P.Y ₹ 90.70 million)

NOTE 17. PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 17.1)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	146.91	55.61
Accrued salaries and benefits	33.48	53.14
Provision for expenses	914.13	676.18
Other trade payables *	9.77	2.30
Total	**1,104.29**	**787.23**

*Including payable to Group Companies (refer note 39.2)

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	2020-2021	2019-2020
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-	-

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 18. DEBT SECURITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2021	As at March 31, 2020
(i) Non Convertible Debentures (Refer Note (a), (b), (c), (d) and 18.1) - Secured	78,377.98	82,352.74
Less : Unamortised debenture issue expenses	(338.26)	(451.40)
Less : Unexpired discount on NCD	(36.29)	(56.19)
(ii) Interest accrued but not due	5,300.07	5,202.16
Total (A)	**83,303.50**	**87,047.31**
Debt Securities in India	54,555.68	57,967.05
Debt Securities outside India	28,747.82	29,080.26
Total (B)	**83,303.50**	**87,047.31**

(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) During the previous 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.

(c) Non Convertible Debentures – Secured includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ 843.75 million (May 15, 2021 and every six months thereafter), ₹ 150.00 million (from December 20, 2023) and ₹ 150.00 million (from March 20, 2024) {as at March 31, 2020 ₹ 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)

(d) Includes redeemable non convertible debenture amounting to ₹ 140 million (P.Y. ₹ 140 million) which carries call option effective from July 13, 2018.

Note 18.1 - Terms of repayment

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Rate of Interest/ Yield	Amount (₹ in millions)	Rate of Interest/ Yield	Amount (₹ in millions)
Secured NCD:		**78,377.98**		**82,352.74**
Fixed:		**62,093.63**		**56,411.91**
More than 5 years	8.60% - 9.18%	6,370.00	9.18% - 10.33%	3,300.00
3- 5 years	10.05% - 10.33%	300.00	9.75% - 10.20%	32,058.40
1-3 years	8.00% - 15.25%	39,746.83	8.00% - 15.25%	13,020.18
Less than 1 years	7.70% - 10.50%	15,676.80	8.65% - 11.08%	8,033.33
Floating:^		**2,843.75**		**8,406.25**
1-3 years	8.56%	281.25	8.56% - 9.85%	2,843.75
Less than 1 years	8.56% - 9.40%	2,562.50	8.56% - 8.77%	5,562.50
Zero Coupon:		**13,440.60**		**17,534.58**
3- 5 years	9.00% - 10.30%	1,291.89	9.12% - 10.30%	701.89
1-3 years	9.35% - 9.85%	2,259.53	8.20% - 10.20%	8,903.90
Less than 1 years	8.20% - 10.20%	9,889.18	8.10% - 10.00%	7,928.79
TOTAL		**78,377.98**		**82,352.74**

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 18.2. - Non Convertible Debentures - instrument wise details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C5. Date Of Maturity 06/04/2020	9.20%	-	350.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option Ii. Date of Maturity 07/04/2020	8.85%	-	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option II. Date Of Maturity 07/04/2020	8.85%	-	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A11. Date of Maturity 20/04/2020	9.30%	-	1,093.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A13. Date Of Maturity 20/04/2020	9.40%	-	2,500.00
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
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
Secured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	8.77%	-	5,000.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option I. Date Of Maturity 12/05/2020	8.85%	-	640.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B4. Date Of Maturity 12/05/2020	8.64%	-	180.00
10.80% Secured Listed Redeemable Non-Convertible Debentures. Date of Maturity 22/05/2020	10.80%	-	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 Maturit 17/08/2020	8.10%	-	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
11.08% Secured Redeemable Non-Convertible Debentures. Date of Maturity 28/09/2020	11.08%	-	33.33
8.65% Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option A. Date Of Maturity 05/10/2020	8.65%	-	625.00
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
9.87% Secured Rated Listed Redeemable Non Convertible Debentures. Series C10. Date Of Maturity 20/11/2020	9.87%	-	500.00
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 Maturit 06/04/2021	8.20%	270.60	270.60
8.00% Secured Redeemable Non-Convertible Debentures. Series C6. Date of Maturity 29/04/2021	8.00%	2,500.00	2,500.00

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(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
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
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	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%	967.80	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
8.00% 10 Year G-SEC Rate Linked Secured Rated Listed Redeemable Non Convertible Debenture Series D8. Date of maturity 01/12/2021	8.00%	751.80	-
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D6. Date of Maturity 07/01/2022	8.00%	2,000.00	-
9.38% Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 3. Date Of Maturity 24/01/2022	9.38%	500.00	500.00
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D7. Date of maturity 18/02/2022	8.00%	1,000.00	-
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 14/03/2022	8.73%	127.50	127.50
7.70% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D12. Date of maturity 24/03/2022	7.70%	1,000.00	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D9. Date of maturity 30/03/2022	8.00%	2,250.00	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity 04/04/2022	9.45%	240.00	240.00
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity 21/04/2022	9.35%	334.00	334.00
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%	364.44	380.38
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debenture. Series II - Category II,III & IV. . Maturity Date - 07/05/2022	9.60%	437.10	468.79
10.00% Secured Rated Listed Redeemable Non Convertible Debentures. SMFL NCD Series 5 Date of Maturity 11/02/2022	10.00%	250.00	-
10.00% Secured Rated Listed Redeemable Non Convertible Debentures. SMFL NCD Series 5 Date of Maturity 11/02/2022	10.00%	250.00	-
10.00% Secured Rated Listed Redeemable Non Convertible Debentures. SMFL NCD Series 5 Date of Maturity 11/02/2022	10.00%	500.00	-
8.00% Secured Redeemable Non Convertible Debentures. Series series D1. Date Of Maturity: 18/02/2022	8.00%	1,250.00	-
8.61% Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity 13/05/2022	8.56%	843.75	1,406.25
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D10. Date of maturity 17/05/2022	8.00%	1,000.00	-
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D11. Date of maturity 26/05/2022	8.00%	250.00	-
GSEC Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. SERIES 1. Date of Maturity 02/06/2022	9.55%	150.00	-
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	254.50
9.50% Secured Non Convertible Debentures - Tranche II. Series II. Maturity Date - 06/12/2022	9.50%	343.16	360.07
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series III. Maturity Date - 06/12/2022	9.85%	113.93	117.44
9.85% Secured Non Convertible Debentures - Tranche II. Series IV. Maturity Date - 06/12/2022	9.85%	646.96	649.72
GSEC Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. SERIES 2. Date of Maturity 02/01/2023	9.65%	150.00	-
9.75% Secured Redeemable Non Convertible Debentures - Series D4. Maturity Date - 17/01/2023	9.85%	50.00	50.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
10.50% Secured Rated Unlisted Redeemable Non Convertible Debentures. Date of Maturity 18/03/2023	10.50%	1,000.00	-
9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D5. Date of maturity 08/05/2023	9.00%	1,000.00	-
11.50% Rated, Listed, Senior, Secured, Taxable, Redeemable Non Convertible Debentures. Series 1. Date of Maturity 05/06/2023	11.50%	200.00	-
11.50% Rated, Listed, Senior, Secured, Taxable, Redeemable Non Convertible Debentures. Series 1. Date of Maturity 05/06/2023	11.50%	150.00	-
11.50% Rated, Listed, Senior, Secured, Taxable, Redeemable Non Convertible Debentures. Series 1. Date of Maturity 05/06/2023	11.50%	250.00	-
11.50% Secured Listed, Rated Senior Taxable Redeemable Non-Convertible Debentures. SMFL NCD SERIES 3. Date of Maturity 21/04/2023	11.50%	1,000.00	-
11.50% Secured Listed, Rated Senior Taxable Redeemable Non-Convertible Debentures. SMFL NCD SERIES 3. Date of Maturity 21/04/2023	11.50%	150.00	-
11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, INR Denominated Non-Convertible Debentures. SMFL NCD SERIES 4. Date of Maturity 10/07/2023	11.50%	250.00	-
9.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series III. Maturity Date - 07/02/2024	9.75%	1,729.16	1,812.85
10.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV. Maturity Date - 07/02/2024	10.20%	1,133.88	1,221.98
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
GSEC Linked Secured Rated Listed Senior Redeemable Market Linked Principal Protected Non Convertible Debentures.Date of Maturity 30/04/2024	9.00%	590.00	-
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 *	11.09%	28,074.23	29,023.57
8.60% Secured Redeemable Non Convertible Debentures. Series. Seris D3.Date Of Maturity : 11/02/2028	8.60%	180.00	-
8.62% Secured Redeemable Non Convertible Debentures. Series. Series D4.Date Of Maturity 12/03/2028	8.62%	190.00	-
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - 03/10/2029	9.18%	3,000.00	3,000.00
8.69% Secured Redeemable Non Convertible Debentures. Series. Series D2. Date Of Maturity: 12/11/2030.	8.69%	3,000.00	-
TOTAL		**78,377.98**	**82,352.74**

* includes hedging cost

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 19. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2021	As at March 31, 2020
(A)		
(a) Term loan		
(i) From Banks, NHB and Financial Institutions (refer note (a) and 19.1)	163,852.17	132,381.10
(ii) From others (refer note (b) and 19.1)	7,311.00	7,538.59
Less : Prepaid expenses	(494.07)	(320.33)
(b) Other loans		
(i) Cash credit/ overdraft (refer note (a) and 19.2)	6,693.66	8,409.70
(ii) Securitisation liability	38,405.62	19,709.62
Less : Prepaid expenses	(104.09)	-
(c) Interest accrued but not due	579.29	597.44
Total (A)	**216,243.58**	**168,316.12**
(B)		
Borrowings in India	205,285.38	157,062.27
Borrowings outside India	10,958.20	11,253.85
Total (B)	**216,243.58**	**168,316.12**

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 previous 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

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Rate of Interest/ Yield	Amount (₹ in millions)	Rate of Interest/ Yield	Amount (₹ in millions)
Term loans from Banks and Financial institutions:*				
Fixed:		**14,811.63**		**4,663.66**
More than 5 years	8.70%	90.00	-	-
3- 5 years	8.62% - 11.50%	983.66	11.50%	450.00
1-3 years	8.10% - 12.00%	8,388.25	11.25% - 12.00%	1,807.26
Less than 1 year	7.00% - 12.00%	5,349.72	9.30% - 12.00%	2,406.40
Floating:		**121,584.57**		**108,232.38**
More than 5 years	7.80% - 9.50%	10,623.50	9.10% - 9.50%	3,973.38
3- 5 years	7.60% - 10.30%	17,387.04	8.40% - 11.20%	16,881.47
1-3 years	7.50% - 11.75%	52,238.16	8.20% - 12.15%	51,474.43
Less than 1 year	6.21% - 12.15%	41,335.87	8.00% - 12.20%	35,903.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Rate of Interest/ Yield	Amount (₹ in millions)	Rate of Interest/ Yield	Amount (₹ in millions)
Term loans from NHB:				
Fixed:		**27,455.97**		**19,485.06**
More than 5 years	3.00% - 8.95%	6,030.37	4.86% - 8.95%	6,425.64
3- 5 years	3.00% - 8.95%	5,763.08	4.61% - 8.95%	5,302.38
1-3 years	3.00% - 8.95%	7,319.86	4.61% - 8.95%	5,618.60
Less than 1 year	3.00% - 8.95%	8,342.65	4.61% - 8.95%	2,138.44
Term loans from others:**				
Floating:		**7,311.00**		**7,538.59**
3- 5 years	8.62%	7,311.00	8.62%	7,538.59
Total		**171,163.17**		**139,919.69**

* 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

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Rate of Interest/ Yield	Amount (₹ in millions)	Rate of Interest/ Yield	Amount (₹ in millions)
Less than 1 year - CC/ ODFD ***	3.75% - 10.50%	6,693.66	6.97% - 10.95%	8,409.70
Securitisation:		**38,405.62**		**19,709.62**
Fixed:		**33,031.36**		**13,140.77**
3- 5 years	10.00%	713.81	10.03% - 10.10%	9.36
1-3 years	7.50% - 10.10%	28,430.53	10.05% - 10.10%	2,373.43
Less than 1 year	7.72%	3,887.02	9.57% - 10.75%	10,757.98
Floating:******		**5,374.26**		**6,568.85**
More than 5 years	6.45% - 8.20%	3,852.22	7.25% - 9.25%	4,721.06
3- 5 years	6.45% - 8.20%	641.88	7.25% - 9.25%	743.63
1-3 years	6.45% - 8.20%	605.81	7.25% - 9.25%	656.89
Less than 1 year	6.45% - 8.20%	274.35	7.25% - 9.25%	447.27
Total		**45,099.28**		**28,119.32**

***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.

.NOTE 20. SUBORDINATED LIABILITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2021	As at March 31, 2020
(A)		
(i) Non Convertible Debentures (Refer Note 20.1.1 and 20.1.2)	21,349.52	20,651.21
Less : Unamortised debenture issue expenses	(340.35)	(207.81)
(ii) Interest accrued but not due	2,010.11	1,240.37
Total (A)	**23,019.28**	**21,683.77**
(B)		
Subordinated liabilities in India	19,536.10	18,216.63
Subordinated liabilities outside India	3,483.18	3,467.14
Total (B)	**23,019.28**	**21,683.77**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 20.1 - Terms of repayment

Residual Maturity	As at March 31, 2021		As at March 31, 2020	
	Rate of Interest/ Yield	Amount (₹ in millions)	Rate of Interest/ Yield	Amount (₹ in millions)
Non Convertible Debenture (Unsecured)				
Fixed:		**14,598.54**		**12,121.39**
More than 5 years	8.70% - 10.50%	12,289.29	8.70% - 10.50%	6,521.39
3- 5 years	10.00%	259.25	8.93% - 12.10%	1,750.00
1-3 years	8.93% - 16.90%	1,230.00	9.30% - 16.90%	1,300.00
Less than 1 years	9.30% - 10.75%	820.00	10.75% - 11.25%	2,550.00
Zero Coupon		**6,750.98**		**8,529.82**
More than 5 years	9.35% - 10.03%	2,446.60	9.35% - 10.50%	1,779.82
3- 5 years	9.05% - 10.50%	1,014.67	-	-
1-3 years	-	-	9.00%	6,750.00
Less than 1 years	9.00%	3,289.71	-	-
TOTAL		**21,349.52**		**20,651.21**

20.1.1: Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 Millions (from February 28, 2024) , ₹ 1,265.16 Millions (from May 14, 2024), ₹ 400.00 Millions (from June 18, 2025) and ₹ 300.00 Millions (from July 14, 2025) {as at March 31, 2020 Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 Millions (from February 28, 2024) , ₹ 1,265.16 Millions (from May 14, 2024), ₹ 400.00 Millions (from June 18, 2025) and ₹ 300.00 Millions (from July 14, 2025)}.,

20.1.2: 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 20.2 - Non Convertible Debentures - instrument wise details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
10.75% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	10.75%	-	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
11.25% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 05/09/2020	11.25%	-	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%	1,130.09	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%	2,159.63	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
12.20% 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	500.00
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
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. Date of Maturity 06/06/2025	10.50%	259.25	259.25
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity 06/06/2025	8.85%	57.83	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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2021	As at March 31, 2020
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
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series I . Date of Maturity 24/06/2028	10.00%	2,746.92	-
9.60% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series II . Date of Maturity 24/06/2028	9.60%	3,280.23	-
Zero Coupon Unsecured Rated Listed Redeemable Non Convertible Debenture. Series III . Date of Maturity 24/06/2028	10.03%	681.44	-
9.00% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Date of Maturity 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
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Date of Maturity 07/02/2029	10.00%	307.65	307.65
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Date of Maturity 07/02/2029	10.50%	154.48	154.48
TOTAL		**21,349.52**	**20,651.21**

NOTE 21. OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Temporary overdrawn bank balances	4,633.92	36.01
Payable on account of assignment/securitisation	15,812.93	3,818.93
Payable towards NCD	41.13	1,100.94
Unclaimed Dividend	5.52	13.57
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)	366.25	68.55
Total	**20,859.75**	**13,085.81**

Note 21.1: During the year, amount of ₹ 3.45 million (P.Y ₹ 1.29 million) was transferred to Investor Education and Protection Fund. Also, amount of ₹ 0.71 million (P.Y ₹ 0.95 million) was due for transfer on March 31, 2021 and the said amount was transferred within 30 days of becoming due. As on March 31, 2020 ₹ 0.03 million pending transfer due to pandemic and for which extension was granted was transferred during the year.

Note 21.2: Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 0.16 million (P.Y Nil)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 22. PROVISIONS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits	317.96	314.66
Provision for leave encashment	154.53	123.49
Provision for gratuity (refer note 32.2)	30.50	52.44
Expected loan loss provision on loans sanctioned but undrawn	36.40	193.47
Total	**539.39**	**684.06**

NOTE 23. OTHER NON-FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Income received in advance	31.64	74.82
Advances from customers	1,535.84	480.12
Statutory remittances	242.47	141.09
Total	**1,809.95**	**696.03**

NOTE 24: EQUITY SHARE CAPITAL

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

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised Share Capital		
2,355,250,000 Equity Shares (P.Y 2,355,250,000) of ₹ 2 each	4,710.50	4,710.50
500,000,000 Preference Shares (P.Y 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		
378,840,676 Equity Shares (P.Y 378,340,922) of ₹ 2 each fully paid with voting rights	757.68	756.68
Total	**757.68**	**756.68**

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in million	No. of Shares	₹ in million
Equity Shares				
At the beginning of the year	378,340,922	756.68	319,203,092	638.41
Add: Shares issued during the year	499,754	1.00	483,274	0.96
Add: Shares issued due to Composite Scheme of Arrangement	-	-	58,654,556	117.31
Outstanding at the end of the year	**378,840,676**	**757.68**	**378,340,922**	**756.68**

(iii) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2021, equity shareholders were paid an interim dividend of ₹ 3/- (P.Y. ₹ 2.25/-) per share.

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Ltd.	84,641,445	22.34%	84,641,445	22.37%
CDC Group PLC	58,501,587	15.44%	58,501,587	15.46%
Nirmal Bhanwarlal Jain	47,719,154	12.60%	47,265,154	12.49%
HWIC Asia Fund Class A shares	28,362,530	7.49%	28,362,530	7.50%

(v) 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 40)

(vi) Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments, including the terms and amount: Refer note 38 for details of shares reserved for issue under Employee Stock Option Plan of the Group.

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Note 24.1: Other Equity

(₹ in Millions)

Particulars	Share Application Money	Reserves & Surplus									Other Comprehensive Income			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	Fair value of loans carried at FVTOCI	Remeasurements of defined benefit		
Balance as at April 01, 2019	**-**	**838.85**	**18,319.12**	**5,986.91**	**4,750.72**	**1,575.70**	**2,301.11**	**513.75**	**8,522.48**	**95.37**	**(98.01)**	**-**	**(18.74)**	**42,787.26**	**44.07**
Profit for the year	-	-	-	-	-	-	-	-	5,018.30	-	-	-	-	5,018.30	16.43
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(32.61)	-	(33.92)	(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**	**5,582.93**	**2,068.70**	**2,301.11**	**128.04**	**11,055.30**	**174.14**	**(130.62)**	**-**	**(52.66)**	**46,843.05**	**56.40**
Profit for the year	-	-	-	-	-	-	-	-	7,601.18	-	-	-	-	7,601.18	6.92
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(253.52)	(5.72)	16.09	(243.15)	(0.02)
Interim dividend	-	-	-	-	-	-	-	-	(1,135.41)	-	-	-	-	(1,135.41)	(1.46)
Change in minority	-	-	-	-	-	-	-	-	2.73	-	-	-	-	2.73	(2.73)
Transfer to/ from reserves	-	-	12.62	6.82	819.59	805.00	-	-	(1,624.59)	(19.44)	-	-	-	-	-
Addition during the year	-	-	44.59	-	-	-	-	-	0.10	4.36	-	-	-	49.05	-
Balance as at March 31, 2021	**-**	**838.85**	**18,409.81**	**6,531.47**	**6,402.53**	**2,873.70**	**2,301.11**	**128.04**	**15,899.31**	**159.06**	**(384.14)**	**(5.72)**	**(36.57)**	**53,117.45**	**59.11**

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 25.1 Interest income

(₹ in Millions)

Particulars	2020-21				2019-20			
	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	45,399.93	-	7,480.78	52,880.71	35,571.23	-	8,595.41	44,166.64
Interest on investments	12.34	129.12	-	141.46	12.28	73.79	-	86.07
Interest on deposits with banks	827.29	-	-	827.29	897.87	-	-	897.87
Interest on inter corporate deposit	267.35	-	-	267.35	349.85	-	-	349.85
Other income	-	-	-	-	688.42	-	-	688.42
Total	**46,506.91**	**129.12**	**7,480.78**	**54,116.81**	**37,519.65**	**73.79**	**8,595.41**	**46,188.85**

Note 25.1A: The Hon'ble Supreme Court of India has pronounced its judgement in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021. Reserve Bank of India vide its circular dated April 07, 2021 instructed all lending institutions to refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, The Group has estimated an amount of ₹ 169.84 millions and charged the same to Profit and Loss Account for the year ended March 31, 2021, on the basis of the the methodology for calculation of the amount of such 'interest on interest' finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies.

Note 25.2 Dividend income

The Group received dividend income amounting to ₹ 59.44 million (P.Y ₹ 10.90 million).

NOTE 26. FEES AND COMMISSION INCOME

(₹ in Millions)

Particulars	2020-21	2019-20
Administration Fees & Other charges	978.73	1,113.56
Insurance Commission	133.82	71.50
Total	**1,112.55**	**1,185.06**

NOTE 27. NET GAIN/(LOSS) ON FAIR VALUE CHANGE

(₹ in Millions)

Particulars	2020-21	2019-20
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Investments	1,716.05	(619.75)
Derivatives	-	-
Fair value changes		
- Realised	1,618.19	(603.67)
- Unrealised	97.86	(16.08)
Total net gain/(loss) on fair value changes	**1,716.05**	**(619.75)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 28. OTHER INCOME

(₹ in Millions)

Particulars	2020-21	2019-20
Interest on income tax refund	1.22	27.20
Rent income	26.62	32.88
Profit on sale of fixed assets	-	5.44
Gain/(loss) on cancellation of forwards, swaps, options and modification	174.98	-
Miscellaneous income	1,293.38	752.53
Total	**1,496.20**	**818.05**

NOTE 29. FINANCE COSTS

(₹ in Millions)

Particulars	On Financial liabilities measured at Amortised Cost	
	2020-21	2019-20
Interest on debt securities (Refer note 29.2)	8,341.72	6,350.89
Interest on borrowings (other than debt securities) (Refer note 29.2)	15,091.90	14,663.27
Interest on subordinated liabilites	1,830.54	1,948.68
Interest on inter corporate deposit	88.93	205.74
Interest expense on lease - Ind AS 116	269.45	239.02
Other borrowing cost (Refer note 29.1 and 29.2)	635.73	642.58
Total	**26,258.27**	**24,050.18**

Note 29.1: Statement showing exchange fluctuation on account of foreign currency borrowings measured through Other Comprehensive Income:

(₹ in Millions)

Particulars	2020-21	2019-20
Revaluation Gain/(Loss) on Foreign currency loan	94.06	(314.63)
Recognised in Other Comprehensive Income	(94.06)	314.63

Note 29.2: Includes foreign currency expenses amounting to ₹ 2,014.39 million (P.Y ₹ 939.47 million)

NOTE 30. NET (GAIN)/ LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Millions)

Particulars	2020-21	2019-20
(A) Net (gain) on derecognition of financial instruments under amortised cost category		
- Interest strip on assignment of loans	(1,392.90)	(1,058.39)
(B) Net loss on derecognition of financial instruments under amortised cost category		
- Bad debts written off (net)	6,482.98	4,431.65

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 31. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Millions)

Particulars	2020-21			2019-20		
	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)	4,754.65	88.20	4,842.85	256.40	(121.46)	134.94
Other financial assets	360.50	-	360.50	95.45	-	95.45
Total	**5,115.15**	**88.20**	**5,203.35**	**351.85**	**(121.46)**	**230.39**

NOTE 32. EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	2020-21	2019-20
Salaries	6,448.56	6,633.34
Contribution to provident and other funds (Refer note 32.1)	412.14	422.95
Leave encashment	88.67	60.37
Gratuity (Refer note 32.2)	67.09	44.88
Staff welfare expenses	196.94	241.98
Share based payments	17.51	57.40
Total	**7,230.91**	**7,460.92**

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	2020-21	2019-20
Contribution to Provident fund	242.42	200.49
Contribution to Employee State Insurance Corporation	64.25	72.99
Contribution to Labour welfare fund	0.99	0.82
Company contribution to employee pension scheme	100.46	144.30
Contribution to NPS & IVTB	4.02	4.35
Total	**412.14**	**422.95**

32.2 Gratuity disclosure statement

Particulars	2020-21			2019-20		
	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-20			01-Apr-19		
Date of Reporting	31-Mar-21			31-Mar-20		
Period of Reporting	12 Months			12 Months		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Assumptions	2020-21			2019-20		
Expected Return on Plan Assets	5.18% - 6.85%			5.45% - 6.84%		
Rate of Discounting	5.18% - 6.85%			5.45% - 6.84%		
Rate of Salary Increase	6.00% - 9.00%			6.00% - 9.00%		
Rate of Employee Turnover	For service 4 years and below 28.00% p.a. & thereafter 2.00% p.a.	For service 4 years and below 28.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below: 35.00% p.a For service 5 years and above: 10.00% p.a	For service 4 years and below 27.00% p.a. & thereafter 3.00% p.a.	For service 4 years and below 27.00% p.a. & thereafter 1.00% p.a.	24.00%
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)

Particulars	2020-21	2019-20
Table Showing Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the Beginning of the Year	246.37	161.42
Interest Cost	15.32	12.19
Current Service Cost	63.92	43.74
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	11.54	4.22
(Liability Transferred Out/ Divestments)	(13.52)	(2.70)
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	(8.28)	(2.02)
(Benefit Paid From the Fund)	(17.50)	(13.94)
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(6.81)	8.64
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(6.83)	30.54
Actuarial (Gains)/Losses on Obligations - Due to Experience	(3.04)	4.28
Present Value of Benefit Obligation at the End of the Year	281.17	246.37

(₹ in Millions)

Table Showing Change in the Fair Value of Plan Assets	2020-21	2019-20
Fair Value of Plan Assets at the Beginning of the Year	193.93	145.80
Interest Income	12.15	11.05
Contributions by the Employer	65.54	52.98
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	(17.50)	(13.94)
(Assets Distributed on Settlements)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	4.80	(1.97)
Fair Value of Plan Assets at the End of the Year	258.92	193.93

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Amount recognised in the Balance Sheet	2020-21	2019-20
(Present Value of Benefit Obligation at the end of the Year)	(281.17)	(246.37)
Fair Value of Plan Assets at the end of the Year	258.92	193.93
Funded Status (Surplus/ (Deficit))	(22.25)	(52.44)
Net (Liability)/Asset Recognized in the Balance Sheet	(22.25)	(52.44)
Assets recognised in the Balance Sheet under "Other non-financial assets"	8.25	-
Liabilities recognised in the Balance Sheet under "Provisions"	(30.50)	(52.44)

(₹ in Millions)

Net interest cost for current year	2020-21	2019-20
Present Value of Benefit Obligation at the Beginning of the Year	246.37	161.42
(Fair Value of Plan Assets at the Beginning of the Year)	(193.93)	(145.80)
Net Liability/(Asset) at the Beginning	52.44	15.62
Interest Cost	15.32	12.19
(Interest Income)	(12.15)	(11.05)
Net Interest Cost for Current Year	3.17	1.14

(₹ in Millions)

Expenses recognised in the Statement of Profit or Loss for current year	2020-21	2019-20
Current Service Cost	63.92	43.74
Net Interest Cost	3.17	1.14
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	67.09	44.88

(₹ in Millions)

Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year	2020-21	2019-20
Actuarial (Gains)/Losses on Obligation For the Year	(16.68)	43.46
Return on Plan Assets, Excluding Interest Income	(4.80)	1.95
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Year Recognized in OCI	(21.48)	45.42

(₹ in Millions)

Balance Sheet reconciliation	2020-21	2019-20
Opening Net Liability	52.44	15.62
Expenses Recognized in Statement of Profit or Loss	67.09	44.88
Expenses Recognized in OCI	(21.48)	45.42
Net Liability/(Asset) Transfer In	11.54	4.22
Net (Liability)/Asset Transfer Out	(13.52)	(2.70)
(Benefit Paid Directly by the Employer)	(8.28)	(2.02)
(Employer's Contribution)	(65.54)	(52.98)
Net Liability/(Asset) Recognized in the Balance Sheet	22.25	52.44

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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(₹ in Millions)

Category of Assets	2020-21	2019-20
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	258.22	193.93
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**258.22**	**193.93**

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	2020-21	2019-20
Present value of benefit obligation at the end of the year	281.16	246.37
(Fair value of plan assets at the end of the year)	(258.91)	(193.93)
Net liability/ (asset) at the end of the year	22.25	52.44
Interest cost	17.91	15.32
(Interest income)	(16.89)	(12.15)
Net interest cost for next year	1.03	3.17

(₹ in Millions)

Expenses recognised in the Statement of Profit or Loss for next year	2020-21	2019-20
Current service cost	62.95	63.92
Net interest cost	1.02	3.17
(Expected contributions by the employees)	-	-
Expenses recognised	63.97	67.09

(₹ in Millions)

Maturity Analysis of the Benefit Payments: From the Fund	2020-21	2019-20
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	15.74	15.28
2nd Following Year	5.47	6.76
3rd Following Year	7.24	7.48
4th Following Year	8.29	9.98
5th Following Year	8.68	10.79
Sum of Years 6 To 10	56.07	53.70
Sum of Years 11 and above	822.81	642.77

(₹ in Millions)

Sensitivity analysis	2020-21	2019-20
Projected Benefit Obligation on Current Assumptions	281.17	246.37
Delta Effect of +1% Change in Rate of Discounting	(38.67)	(31.77)
Delta Effect of -1% Change in Rate of Discounting	47.85	39.14
Delta Effect of +1% Change in Rate of Salary Increase	42.02	33.75
Delta Effect of -1% Change in Rate of Salary Increase	(35.66)	(28.93)
Delta Effect of +1% Change in Rate of Employee Turnover	(3.84)	(3.95)
Delta Effect of -1% Change in Rate of Employee Turnover	4.17	4.32

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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

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

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 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 AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 33. OTHER EXPENSES

(₹ in Millions)

Particulars	2020-21	2019-20
Advertisement and marketing expenses (refer note 33.1)	323.70	434.79
Direct operating expenses	170.77	288.56
Bank charges	124.98	79.70
Commission to non whole-time directors	-	4.14
Communication costs	103.69	133.92
Electricity	114.87	175.33
Exchange and statutory charges	10.48	31.53
Legal & professional fees (refer note 33.1)	550.30	820.39
Directors sitting fees	12.01	8.52
Office expenses	160.93	163.29
Postage & courier	42.42	80.02
Printing & stationery	56.92	64.52
Rates & taxes	7.81	89.01
Rent	133.47	230.83
Repairs & maintenance		
- Computer	18.52	21.83
- Others	73.66	119.96
Remuneration to auditors		
- Audit fees	7.52	5.43
- Certification / other services (refer note 33.2)	2.60	3.22
- Out of pocket expenses	0.77	1.68
Software charges (refer note 33.1)	226.72	301.43
Travelling & conveyance (refer note 33.1)	227.93	402.10
Corporate social responsibility expenses (refer note 42)	126.16	183.66
Miscellaneous expenses	58.51	85.95
Insurance premium	236.23	102.30
Security expenses	814.78	327.92
Loss on sale of fixed assets (net)	11.41	-
Total	**3,617.16**	**4,160.03**

Note 33.1: Includes below payments done in foreign currency

(₹ in Millions)

Particulars	2020-21	2019-20
Advertisement and marketing expenses	1.39	0.57
Travelling & conveyance	-	0.09
Software charges	0.92	4.05
Legal & professional fees	1.76	7.00

Note 33.2: During the year the Group has paid ₹ 2.30 million (P.Y ₹ 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 34. INCOME TAXES

(₹ in Millions)

Amounts recognised in statement of profit or loss	2020-21	2019-20
Current tax expense		
Current year	3,173.53	1,778.98
Changes in estimates related to prior years	45.67	(28.21)
Deferred tax expense		
Origination and reversal of temporary differences	(779.46)	466.34
Total	**2,439.74**	**2,217.11**

(₹ in Millions)

Amounts recognised in other comprehensive income	2020-21			2019-20		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	21.48	(5.41)	16.07	(45.42)	11.43	(33.99)
Cash flow hedge (net)	(338.79)	85.27	(253.52)	(43.58)	10.97	(32.61)
Fair value of loans carried at FVTOCI	(7.64)	1.92	(5.72)	-	-	-
Total	**(324.95)**	**81.78**	**(243.17)**	**(89.00)**	**22.40**	**(66.60)**

(₹ in Millions)

Reconciliation of income tax expense of the year to accounting year	2020-21	2019-20
Profit before tax	**10,047.84**	**7,251.84**
Tax using the Group's domestic tax rate	2,845.62	1,920.26
Tax effect of:		
Non-deductible expenses	35.88	30.93
Tax-exempt income - others (includes deduction under section 80JJAA)	(303.66)	(196.32)
Tax-exempt income- dividend	(186.90)	(111.19)
Income taxed at different rates	(72.90)	1.75
Others	6.37	10.52
Change in tax rates (refer note 11.1)	-	499.03
Adjustments for current tax for prior periods	45.68	(28.21)
Differential tax rate in subsidiary	66.97	32.56
Recognition of previously unrecognised deductible temporary differences	2.68	57.78
Total income tax expense	**2,439.74**	**2,217.11**

NOTE 35. EARNINGS PER SHARE

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

(₹ in Millions)

Particulars		2020-21	2019-20
Face value of equity shares in ₹ fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of Profit and Loss		7,601.18	5,018.3
Profit after tax attributable to equity share holders	A	7,601.18	5,018.3
Weighted average number of equity shares outstanding	B	378,417,476	378,044,762
Basic EPS (In ₹)	**A/B**	**20.09**	**13.27**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		378,417,476	378,044,762
Add: Potential equity shares on account conversion of Employees Stock Options		806,252	936,649
Weighted average number of equity shares for computation of diluted EPS	C	379,223,728	378,981,411
Diluted EPS (In ₹)	**A/C**	**20.04**	**13.24**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 36. 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.

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

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

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

36A.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, 2021				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach	Total
Cash and cash equivalents	-	-	-	26,157.44	26,157.44
Bank Balance other than above	-	-	-	21,683.13	21,683.13
Receivables					
(i) Trade Receivables	-	-	2.95	1,921.68	1,924.63
(ii) Other Receivables	-	-	-	5.10	5.10
Loans *	250,831.64	36,661.05	8,121.48	-	295,614.17
Other Financial assets	-	-	-	5,094.82	5,094.82

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ 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	295.40	298.35
(ii) Other Receivables	-	-	-	-	-
Loans *	212,832.85	13,701.75	8,134.58	1,535.10	236,204.28
Other Financial assets	-	-	-	3,706.96	3,706.96

* 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.

36A.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.

36A.3. Loss allowance and Exposure at default

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

(₹ in 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	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL Mar-20	**3,366.21**	**309.50**	**908.96**	**173.25**	**3,798.87**	**1,608.83**	**8,074.04**	**2,091.58**
New loans disbursed during the year	1,808.82	145.65	506.54	412.97	895.56	34.83	3,210.92	593.45
Loans closed/written off during the year	(639.66)	(57.53)	(245.86)	(38.07)	(2,738.92)	(1,186.70)	(3,624.44)	(1,282.30)
Movement in provision without change in asset staging	1,914.63	282.17	567.95	(35.75)	594.16	428.52	3,076.74	674.94
Movement in provision due to change in asset staging	(150.08)	(6.91)	209.44	45.41	1,279.29	283.99	1,338.65	322.49
Closing ECL Mar-21	**6,299.92**	**672.88**	**1,947.03**	**557.81**	**3,828.96**	**1,169.47**	**12,075.91**	**2,400.16**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ 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	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL Mar-19	**1,546.04**	**112.23**	**2,139.64**	**1,010.10**	**3,700.09**	**986.09**	**7,385.77**	**2,108.42**
New loans disbursed during the year	1,352.03	99.12	167.99	7.25	513.23	86.51	2,033.25	192.88
Loans closed/written off during the year	(468.47)	(22.27)	(368.73)	(54.59)	(3,002.25)	(756.67)	(3,839.45)	(833.53)
Movement in provision without change in asset staging	885.64	96.08	(71.97)	(76.80)	260.72	174.40	1,074.39	193.68
Movement in provision due to change in asset staging	50.97	24.34	(957.97)	(712.71)	2,327.08	1,118.50	1,420.08	430.13
Closing ECL Mar-20	**3,366.21**	**309.50**	**908.96**	**173.25**	**3,798.87**	**1,608.83**	**8,074.04**	**2,091.58**

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	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2020	**263,416.60**	**24,479.69**	**12,397.62**	**1,739.06**	**6,525.87**	**1,608.70**	**282,340.09**	**27,827.45**
New loans disbursed during the year	157,798.00	10,176.67	17,084.87	1,091.60	1,279.17	32.55	176,162.04	11,300.82
Loans closed/written off during the year	(78,533.05)	(4,528.73)	(4,108.63)	(1,005.19)	(3,906.97)	(1,189.24)	(86,548.65)	(6,723.16)
Movement in EAD without change in asset staging	(28,939.48)	(6,140.77)	(343.38)	(25.73)	(59.66)	326.82	(29,342.52)	(5,839.68)
Movement in EAD due to change in asset staging	(18,791.93)	(127.81)	8,947.22	881.77	3,123.86	384.70	(6,720.85)	1,138.66
Closing EAD Mar-2021	**294,950.14**	**23,859.05**	**33,977.70**	**2,681.50**	**6,962.27**	**1,163.53**	**335,890.11**	**27,704.09**

(₹ in Millions)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2019	**255,955.30**	**26,177.84**	**13,840.52**	**2,457.71**	**5,452.02**	**988.83**	**275,247.84**	**29,624.38**
New loans disbursed during the year	132,569.21	11,604.96	4,619.13	199.98	960.69	85.49	138,149.03	11,890.43
Loans closed/written off during the year	(92,829.98)	(2,756.50)	(5,472.73)	(366.78)	(3,920.50)	(759.41)	(102,223.21)	(3,882.69)
Movement in EAD without change in asset staging	(26,319.61)	(10,202.21)	(943.16)	(91.90)	(109.50)	54.08	(27,372.27)	(10,240.03)
Movement in EAD due to change in asset staging	(5,958.32)	(344.40)	353.86	(459.95)	4,143.16	1,239.71	(1,461.30)	435.36
Closing EAD Mar-2020	**263,416.60**	**24,479.69**	**12,397.62**	**1,739.06**	**6,525.87**	**1,608.70**	**282,340.09**	**27,827.45**

36A.4. Write off

Contractual amount outstanding on financial assets that were written off during the reporting period is ₹ 6,482.98 million(P.Y ₹ 4,431.65 million)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 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	2020-21	2019-20
Value of Modified Assets at the time of modification	30,311.96	758.55
Value of Modified Assets outstanding at end of year	29,561.57	686.01
Modification Gain/ (Loss)	(294.66)	(3.67)

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".

36A.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, 2021	318,809.19	36,659.20	8,125.80	363,594.19
March 31, 2020	287,896.29	14,136.68	8,134.57	310,167.54

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 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.

36B Liquidity Risk

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

(i) Maturities of financial liabilities

(₹ in Millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2021	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	1,565.76	-	212.88	18.13	1,265.89	68.86	-
Trade Payables	1,104.29	1,042.09	-	62.20	-	-	-
Other Payables	-	-	-	-	-	-	-
Finance Lease obligation *	4,357.20	193.78	191.42	379.08	1,380.88	1,022.86	1,189.18
Debt Securities	78,341.69	6,829.41	5,003.51	16,308.06	42,238.82	1,591.89	6,370.00
Borrowings (other than debt securities) (Note 1)	216,262.45	25,077.17	26,172.76	33,008.04	78,614.62	32,329.98	21,059.88
Subordinated Liabilities	21,349.52	-	620.00	3,489.71	1,230.00	1,317.08	14,692.73
Other financial liabilities	20,859.75	20,808.46	-	2.18	49.11	-	-
Financial guarantee contracts	12,255.43	12,255.43	-	-	-	-	-
Total	**356,096.09**	**66,206.34**	**32,200.57**	**53,267.40**	**124,779.32**	**36,330.67**	**43,311.79**

* The amount represent undiscounted cash flows

(₹ 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	787.23	763.47	-	23.76	-	-	-
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)	168,039.01	13,927.68	12,706.88	28,442.61	66,916.33	30,925.44	15,120.07
Subordinated Liabilities	20,651.21	550.00	2,000.00	-	8,050.00	1,750.00	8,301.21
Other financial liabilities	13,085.81	13,067.61	-	-	18.20	-	-
Financial guarantee contracts	17,524.37	17,524.37	-	-	-	-	-
Total	**306,639.52**	**58,355.72**	**17,605.30**	**35,536.09**	**100,984.80**	**66,495.07**	**27,662.54**

* The amount represent undiscounted cash flows

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

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

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(ii) Financing arrangements

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

(₹ in Millions)

	As at March 31, 2021	As at March 31, 2020
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	6,131.55	3,173.43
- Expiring beyond one year (bank loans)	-	-

36C Market Risk

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

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

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

36C.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)

	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	143,807.25	139,155.77
Fixed rate borrowings	172,146.41	131,831.00
Total borrowings	**315,953.66**	**270,986.77**

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

(₹ in Millions)

	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	8.63%	133,652.50	42.30%	9.30%	123,210.93	45.44%
External Commercial borrowings	8.62%	7,311.00	2.31%	8.62%	7,538.59	2.78%
Non convertible debentures	9.15%	2,843.75	0.90%	8.99%	8,406.25	3.10%
Net exposure to cash flow interest rate risk		**143,807.25**			**139,155.77**	
Currency Interest Rate Swaps	9.36%	**3,675.23**	1.16%	9.36%	**3,769.29**	1.39%

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)

	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate (%)	Balance	% of total loans	Weighted average interest rate (%)	Balance	% of total loans
Floating rate loans	11.66%	150,243.89	42.95%	11.87%	129,532.84	43.86%

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(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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Interest rates – increase by 30 basis points	(322.84)	(312.04)	-	-
Interest rates – decrease by 30 basis points	322.84	312.04	-	-

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Interest rates – increase by 30 basis points	337.29	290.80	-	-
Interest rates – decrease by 30 basis points	(337.29)	(290.80)	-	-

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 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 (in INR)*	416.88	-	-	-	-	-
Foreign Currency Liabilities (in INR)*	1,478.77	-	-	-	-	-
Net Gap as at 31.03.2021	**(1,061.89)**	**-**	**-**	**-**	**-**	**-**

(₹ in Millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets (in INR)*	2,405.21	-	-	-	-	-
Foreign Currency Liabilities (in INR)*	417.90	-	-	-	-	-
Net Gap as at 31.03.2020	**1,987.31**	**-**	**-**	**-**	**-**	**-**

*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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
USD sensitivity				
INR/USD -Increase by 5%	-	(1,368.01)	(1,323.97)	-
INR/USD -Decrease by 5%	-	1,368.01	1,323.97	-

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

36C.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	Government Securities	Total
Market Value as on March 31, 2021	0.50	189.24	-	-	189.74
Market Value as on March 31, 2020	2,192.16	135.10	0.23	5,220.80	7,548.29

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Increase 5%	7.10	282.43	-	-
Decrease 5%	(7.10)	(282.43)	-	-

36D.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.

36E. 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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The following table shows an analysis of financial instruments recorded at Fair Value hierarchy:

(₹ in Millions)

Particulars	As at March 31, 2021		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	26,157.44
Bank Balance other than (a) above	-	-	21,683.13
Derivative financial instruments	86.99	416.88	-
Receivables			
(i) Trade Receivables	-	-	1,924.63
(ii) Other Receivables	-	-	5.10
Loans	-	52,171.66	283,159.94
Investments	189.74	-	125.97
Other Financial assets		-	4,901.83
Total financial assets	**276.73**	**52,588.54**	**337,958.04**
Financial liabilities			
Derivative financial instruments	86.99	1,478.77	-
Trade Payables	-	-	1,104.29
Finance lease obligation	-	-	3,265.02
Debt Securities	-	-	83,303.50
Borrowings (Other than Debt Securities)	-	-	216,243.58
Subordinated Liabilities	-	-	23,019.28
Other financial liabilities	-	-	20,859.75
Total financial liabilities	**86.99**	**1,478.77**	**347,795.42**

(₹ 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	-	-	298.35
(ii) Other Receivables	-	-	-
Loans	-	58,110.66	227,235.85
Investments	7,548.29	-	155.57
Other Financial assets	-	-	3,581.47
Total financial assets	**9,974.78**	**58,110.66**	**263,430.42**
Financial liabilities			
Derivative financial instruments	288.91	150.27	-
Trade Payables	-	-	787.23
Finance lease obligation	-	-	2,913.53
Debt Securities	-	-	87,047.31
Borrowings (Other than Debt Securities)	-	-	168,316.12
Subordinated Liabilities	-	-	21,683.77
Other financial liabilities	-	-	13,085.81
Total financial liabilities	**288.91**	**150.27**	**293,833.77**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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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.

36E.2. Valuation methodologies of financial instruments measured at fair value

(i) Quoted equity/instruments are measured based on the last traded price in the exchange and are classified as level 1.

(ii) Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.

(iii) Alternate Investment Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.

(iv) Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.

(v) Equity instruments in listed entities that are quoted market prices (unadjusted) in active markets for identical instruments are classified at level 1.

(vi) Government Securities are valued based on the closing price published by CCIL/ FIMMDA for March 2020 respectively and are classified as level 2.

(vii) Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/ designated agencies viz: CRISIL and ICRA and are classified as level 2.

(viii) The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs.

(ix) Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.

(x) Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.

(xi) The fair value principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date and are classified as Level 2.

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2021	Level 1	Level 2	Level 3	Total	Carrying Value
Financial assets					
Forward rate agreements and interest rate swaps	-	416.88	-	416.88	416.88
Call option included under Debt securities & Subordinated liabilities		86.99	-	86.99	86.99
Loans - classified under FVOCI	-	-	52,171.66	52,171.66	52,171.66
Investments	**118.18**	**-**	**71.56**	**189.74**	**189.74**
(i) Mutual Funds/Alternate Investment fund / Others	118.18	-	71.06	189.24	189.24
(ii) Government Securities	-	-	-	-	-
(iii) Debt Securities	-	-	-	-	-
(iv) Equity	-	-	0.50	0.50	0.50
Total financial assets	**118.18**	**503.87**	**52,243.22**	**52,865.27**	**52,865.27**
Financial liabilities					
Forward rate agreements /CCIRS	-	1,265.89	-	1,265.89	1,265.89
Interest rate derivative		212.88		212.88	212.88
Call option included under Debt securities & Subordinated liabilities		86.99		86.99	86.99
Total financial liabilities	**-**	**1,565.76**	**-**	**1,565.76**	**1,565.76**

(₹ 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					
Forward rate agreements and interest rate swaps		2,405.21		2,405.21	2,405.21
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**	**7,647.29**	**59,149.67**	**68,085.44**	**68,085.44**
Financial liabilities					
Forward rate agreements /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**

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 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 identitical 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.

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(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2021	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	26,157.44	26,157.44	
Bank Balance other than included above	21,683.13	21,683.13	
Receivables			
(i) Trade Receivables	1,924.63	1,924.63	
(ii) Other Receivables	5.10	5.10	
Loans	280,587.05	283,159.94	Level 3
Investment in debt securities	125.97	125.97	
Other Financial assets	4,901.83	4,901.83	
Total financial assets	**335,385.15**	**337,958.04**	
Financial Liabilities			
Trade Payables	1,104.29	1,104.29	
Finance lease obligation	3,265.02	3,265.02	
Debt Securities *	82,107.08	83,303.50	Level 3
Borrowings (Other than debt securities)	216,335.22	216,243.58	Level 3
Subordinated Liabilities	23,278.11	23,019.28	Level 3
Other financial liabilities	20,859.75	20,859.75	
Total financial liabilities	**346,949.47**	**347,795.42**	

* 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, 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	298.35	298.35	
(ii) Other Receivables	-	-	
Loans	233,370.39	227,235.85	Level 3
Investment in debt securities	155.57	155.57	
Other Financial assets	3,581.47	3,581.47	
Total financial assets	**269,564.96**	**263,430.42**	
Financial Liabilities			
Trade Payables	787.23	787.23	
Debt Securities *	91,511.85	87,047.31	Level 3
Borrowings (Other than Debt Securities)	168,820.19	168,316.12	Level 3
Subordinated Liabilities	22,689.48	21,683.77	Level 3
Other financial liabilities	13,085.81	13,085.81	
Total financial liabilities	**296,894.56**	**290,920.24**	

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

36.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, 2020	**58,110.66**	**50.01**	**989.00**
Issuances	69,756.05	12.44	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(75,695.05)	(0.06)	(1,450.00)
Total gain /losses recognised in profit and loss	-	8.67	461.50
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2021	**52,171.66**	**71.06**	**0.50**
Unrealised gain /losses related to balances held at the end of financial year	-	(9.46)	-

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2019	**59,751.52**	**63.19**	**592.00**
Issuances	81,323.75	1.70	-
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**

36 F. Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2021, the Group has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plans, the Group's business model remains to hold the assets for collecting contractual cash flows.

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

(₹ in Millions)

Particulars	2020-21	2019-20
Financial assets derecognised during the year	75,695.04	82,964.61
Gain from derecognition	2,445.34	2,026.63

36 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)

Securitisations	As at March 31, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	38,405.62	19,709.62
Carrying amount of associated liabilities	38,484.40	19,839.00
Fair value of assets	38,418.47	20,039.66
Fair value of associated liabilities	38,497.25	20,169.05
Net position at Fair value	**-**	**-**

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NOTE 37. CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Contingent Liabilities

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
In respect of Income tax demands (refer note (a) below)	486.49	539.76
In respect of Service Tax demands (including interest accrued and refer note (b) below)	617.50	342.01
In respect of Profession Tax demands (refer note (c) below)	1.55	1.53
In respect of Bank guarantees given (refer note (d) below)	12,255.43	17,524.37
In respect of Corporate guarantees given	233.40	253.40
In respect of legal case/ penalties/others	1.15	-
Contingent liability in respect of credit enhancement for securitisation transaction	1,900.56	1,868.12

(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 ₹ 18.92 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 ₹ 233.89 million (P.Y ₹ 267.16 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.

Commitments not provided for

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Commitments related to loans sanctioned but undrawn	15,670.79	17,536.15
Estimated amount of contracts remaining to be executed on capital and operating account	325.42	169.28
Commitments related to Alternate Investment Funds	20.16	32.60

NOTE 38. EMPLOYEE STOCK OPTION

The Group 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 2021 ESOP 2008	As at March 2020 ESOP 2008
Number of Option outstanding	331,525	434,937
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, 29-Apr-2017 and 04-Sep-2020	05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017
Grant Price (₹ Per Share)	₹ 61.40, ₹ 82.73, ₹ 82.02, ₹ 218.71 and ₹ 126.64	₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71

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(b) (i) Movement of options during the year ended March 31, 2021

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted average remaining contractual life (Years)
Outstanding as on April 01, 2020	**434,937**	**61.40-218.71**	**87.76**	**2.89**
Granted during the year	50,000	126.64	126.64	-
Expired/forfeited during the year	27,315	82.02-218.71	132.06	-
Exercised during the year	126,097	61.40-82.73	77.95	-
Outstanding as on March 31, 2021	**331,525**	**82.02-218.71**	**93.70**	**2.65**
Exercisable as on March 31, 2021	**276,725**	**82.02-218.71**	**85.58**	**1.96**

b) (ii) Movement of options during year ended March 31, 2020

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted 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**

Fair Value Methodology:

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

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

Particulars	ESOP 2008	
	2020-21	**2019-20**
Stock price (₹)	87.85	-
Volatility	10.00%	-
Risk-free Rate	6.56%	-
Exercise price (₹)	126.64	-
Time to Maturity (Years)	5.00	-
Dividend yield	3.00%	-
Weight Average Value (₹)	21.10	-

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.

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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 2021 ESOP 2020	As at March 2020 ESOP 2020
Number of Option outstanding	4,433,233	8,265,678
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, 18-Jan-2019 and 18-Sep-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, ₹ 129.63

(b) (i) Movement of options during the year ended March 31, 2021

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted average remaining contractual life (Years)
Outstanding as on April 01, 2020	**8,265,678**	**61.48 -182.22**	**157.65**	**5.15**
Granted during the year	-	-	-	
Expired/forfeited during the year	3,458,788	61.48-182.22	173.65	
Exercised during the year	373,657	61.48-182.22	95.69	
Outstanding as on March 31, 2021	**4,433,233**	**61.48 -182.22**	**150.40**	**4.06**
Exercisable as on March 31, 2021	**1,795,582**	**61.48 -182.22**	**132.44**	**3.57**

(b) (ii) Movement of options during the year ended March 31, 2020

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weighted average exercise price (in ₹)	Weighted 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**

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 CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (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 39. LIST OF RELATED PARTIES

Nature of relationship	Name of party *
Key managerial personnel	Mr.Nirmal Jain
	Mr.R. Venkataraman
	Mr.Sumit Bali (Upto June 30, 2020)
	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	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
	India Infoline Employee Trust
	IIFL Wealth Portfolio Managers Limited (Formerly IIFL Alternate Asset Advisors Limited)
	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Wealth Finance Limited
	5paisa Capital Limited
	5paisa P2P Limited

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 39.1 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	118.20	-	118.20
	(53.63)	-	(53.63)
IIFL Management Services Limited	28.17	-	28.17
	(82.96)	-	(82.96)
IIFL Facilities Services Limited	119.67	-	119.67
	(211.76)	-	(211.76)
IIFL Securities Limited	1.30	-	1.30
	(2.92)	-	(2.92)
Interest expense			
IIFL Facilities Services Limited	84.47	-	84.47
	(223.97)	-	(223.97)
IIFL Wealth Finance Limited	-	-	-
	(23.54)	-	(23.54)
IIFL Insurance Brokers Limited	-	-	-
	(2.16)	-	(2.16)
IIFL Securities Limited	4.45	-	4.45
	-	-	-
Trademark License Fee			
IIFL Securities Limited	0.10	-	0.10
	-	-	-
Investment Banking Income Pass Through			
IIFL Securities Limited	-	-	-
	(15.69)	-	(15.69)
Donation paid			
India Infoline Foundation	118.60	-	118.60
	(178.81)	-	(178.81)
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees			
IIFL Wealth Management Limited	129.62	-	129.62
	(114.63)	-	(114.63)
IIFL Securities Limited	4.08	-	4.08
	(148.39)	-	(148.39)
IIFL Management Services Limited	-	-	-
	(97.76)	-	(97.76)
5paisa Capital Limited	0.68	-	0.68
	(11.18)	-	(11.18)
Rent expenses			
IIFL Facilities Services Limited	17.50	-	17.50
	(17.50)	-	(17.50)
Aditi Athavankar	-	-	-
	-	(1.80)	(1.80)
Commission/ brokerage expense			
IIFL Securities Limited	0.19	-	0.19
	(0.90)	-	(0.90)
Remuneration paid			
Mr.Nirmal Jain	-	80.01	80.01
	-	(86.97)	(86.97)
Mr.R. Venkataraman	-	-	-
	-	(5.50)	(5.50)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Mr.Sumit Bali	-	5.41	5.41
	-	(62.50)	(62.50)
Equity dividend received			
India Infoline Emoloyee Trust	0.23	-	0.23
	(0.17)	-	(0.17)
ICD/loan taken			
IIFL Facilities Services Limited	51,081.50	-	51,081.50
	(83,080.00)	-	(83,080.00)
IIFL Securities Limited	25,650.00	-	25,650.00
	(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	51,081.50	-	51,081.50
	(83,080.00)	-	(83,080.00)
IIFL Securities Limited	25,650.00	-	25,650.00
	(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	28,130.00	-	28,130.00
	(3,418.10)	-	(3,418.10)
IIFL Facilities Services Limited	27,037.00	-	27,037.00
	(58,659.20)	-	(58,659.20)
IIFL Management Services Limited	-	-	-
	(6,628.60)	-	(6,628.60)
IIFL Securities Limited	4,367.50	-	4,367.50
	(5,590.00)	-	(5,590.00)
ICD/loan received back			
5paisa Capital Limited	29,130.00	-	29,130.00
	(2,418.10)	-	(2,418.10)
IIFL Management Services Limited	569.10	-	569.10
	(6,349.50)	-	(6,349.50)
IIFL Facilities Services Limited	29,761.50	-	29,761.50
	(56,462.20)	-	(56,462.20)
IIFL Securities Limited	4,367.50	-	4,367.50
	(5,590.00)	-	(5,590.00)
Allocation / reimbursement of expenses paid			
IIFL Securities Limited	124.95	-	124.95
	(377.82)	-	(377.82)
IIFL Management Services Limited	5.22	-	5.22
	(20.32)	-	(20.32)
IIFL Facilities Services Limited	17.29	-	17.29
	(37.70)	-	(37.70)
IIFL Asset Management Limited	-	-	-
	(7.50)	-	(7.50)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	Other related parties	Key Managerial Personnel and their relatives	Total
IIFL Wealth Management Limited	4.15	-	4.15
	-	-	-
Allocation / reimbursement of expenses paid others			
IIFL Facilities Services Limited	3.17	-	3.17
	(0.79)	-	(0.79)
IIFL Insurance Brokers Limited	0.57	-	0.57
	(2.50)	-	(2.50)
5paisa Capital Limited	3.03	-	3.03
	(2.43)	-	(2.43)
5paisa P2P Limited	0.03	-	0.03
	-	-	-
IIFL Management Services Limited	0.43	-	0.43
	(0.82)	-	(0.82)
IIFL Securities Limited	12.17	-	12.17
	(50.05)	-	(50.05)
IIFL Wealth Management Limited	0.12	-	0.12
	(1.12)	-	(1.12)
Allocation / reimbursement of expenses received			
IIFL Facilities Services Limited	3.96	-	3.96
	(0.62)	-	(0.62)
IIFL Management Services Limited	0.31	-	0.31
	(0.64)	-	(0.64)
5paisa Capital Limited	4.57	-	4.57
	(8.26)	-	(8.26)
IIFL Securities Limited	33.53	-	33.53
	(40.10)	-	(40.10)
IIFL Wealth Management Limited	0.18	-	0.18
	(5.64)	-	(5.64)
Allocation / reimbursement of expenses received others			
IIFL Facilities Services Limited	1.33	-	1.33
	(0.23)	-	(0.23)
IIFL Management Services Limited	0.94	-	0.94
	(3.26)	-	(3.26)
IIFL Insurance Brokers Limited	0.29	-	0.29
	(2.10)	-	(2.10)
IIFL Asset Management Limited	0.59	-	0.59
	(2.47)	-	(2.47)
India Infoline Foundation	-	-	-
	(0.04)	-	(0.04)
5paisa Capital Limited	0.95	-	0.95
	(4.60)	-	(4.60)
5paisa P2P Limited	0.08	-	0.08
	-	-	-
IIFL Commodities Limited	0.63	-	0.63
	-	-	-
IIFL Wealth Management Limited	-	-	-
	(0.29)	-	(0.29)
IIFL Securities Limited	7.96	-	7.96
	(50.04)	-	(50.04)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Purchase of investment			
IIFL Wealth Finance Limited	-	-	-
	(513.93)	-	(513.93)
Sale of investment			
IIFL Wealth Finance Limited	2,011.10	-	2,011.10
	(507.93)	-	(507.93)
Non convertible debenture issued			
IIFL Alternate Asset Advisors Limited	-	-	-
	(500.00)	-	(500.00)
IIFL Wealth Finance Limited		-	-
	(4,483.00)	-	(4,483.00)
IIFL Facilities Services Limited	1,000.00	-	1,000.00
	-	-	-
IIFL Securities Limited	751.80	-	751.80
	-	-	-
IIFL Management Services Limited	-	-	-
	(2,322.00)	-	(2,322.00)
Non convertible debenture Redeemed			
IIFL Wealth Finance Limited	1,038.43	-	1,038.43
	(1,523.79)	-	(1,523.79)
IIFL Facilities Services Limited	222.11	-	222.11
	(3,475.00)	-	(3,475.00)

Note 39.2 Closing balances with related parties

(₹ in Millions)

Nature of transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Other payable			
IIFL Facilities Services Limited	-	-	-
	(1.24)	-	(1.24)
5paisa Capital Limited	2.17	-	2.17
	-	-	-
5paisa P2P Limited	0.01	-	0.01
	-	-	-
IIFL Wealth Management Limited	10.90	-	10.90
	-	-	-
IIFL Management Services Limited	0.00	-	0.00
	-	-	-
IIFL Insurance Brokers Limited	0.36	-	0.36
	-	-	-
IIFL Securities Limited	4.52	-	4.52
	(0.69)	-	(0.69)
Other receivable			
IIFL Management Services Limited	-	-	-
	(0.03)	-	(0.03)
IIFL Facilities Services Limited	1.87	-	1.87
	-	-	-
IIFL Asset Management Limited	-	-	-
	(2.47)	-	(2.47)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	Other related parties	Key Managerial Personnel and their relatives	Total
IIFL Wealth Management Limited	-	-	-
	(0.63)	-	(0.63)
Security deposit receivable			
IIFL Facilities Services Limited	8.75	-	8.75
	(8.75)	-	(8.75)
Outstanding ICD (given)			
IIFL Management Services Limited	-	-	-
	(569.10)	-	(569.10)
5paisa Capital Limited	-	-	-
	(1,000.00)	-	(1,000.00)
IIFL Facilities Services Limited	-	-	-
	(2,724.50)	-	(2,724.50)
Outstanding non convertible debenture issued			
IIFL Facilities Services Limited	-	-	-
	(200.00)	-	(200.00)
IIFL Management Services Limited	22.22	-	22.22
	(221.30)	-	(221.30)
IIFL Securities Limited	40.90	-	40.90
	-	-	-
IIFL Wealth Finance Limited	218.00	-	218.00
	(11.00)	-	(11.00)
Interest accrued on outstanding non convertible debenture issued			
IIFL Facilities Services Limited	-	-	-
	(12.88)	-	(12.88)
IIFL Management Services Limited	3.46	-	3.46
	(7.88)	-	(7.88)
IIFL Securities Limited	1.91	-	1.91
	-	-	-
IIFL Wealth Finance Limited	-	-	-
	(1.24)	-	(1.24)
Gratuity payable *			
Mr.Nirmal Jain	-	1.43	1.43
	-	(1.42)	(1.42)
Mr.R. Venkataraman	-	-	-
	-	(1.44)	(1.44)
Mr.Sumit Bali	-	-	-
	-	(0.46)	(0.46)
Leave encashment payable *			
Mr.Nirmal Jain	-	4.59	4.59
	-	(6.69)	(6.69)
Mr.R. Venkataraman	-	-	-
	-	(3.54)	(3.54)
Mr.Sumit Bali	-	-	-
	-	(0.24)	(0.24)

* 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)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 40: COMPOSITE SCHEME OF ARRANGEMENT

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 58,654,556 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.

(I) In accordance with the accounting treatment, as provided under the Scheme of Arrangement, 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**
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**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Particulars	As at April 01, 2018
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.

Note 41.1. Maturity analysis of assets and liabilities as at March 31, 2021

(₹ in Millions)

Sr. No.	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	26,157.44	-	26,157.44
(b)	Bank balance other than (a) above	18,644.80	3,038.33	21,683.13
(c)	Derivative financial instruments	-	503.87	503.87
(d)	Receivables			
	(i) Trade receivables	1,924.63	-	1,924.63
	(ii) Other receivables	5.10	-	5.10
(e)	Loans	158,733.12	176,598.48	335,331.60
(f)	Investments	4.23	311.48	315.71
(g)	Other financial assets	1,921.52	2,980.31	4,901.83
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	16.13	2,612.24	2,628.37
(b)	Deferred tax assets (net)	-	3,111.43	3,111.43
(c)	Investment property	-	2,710.60	2,710.60
(d)	Property, plant and equipment	-	1,042.92	1,042.92
(e)	Capital work-in-progress	-	65.60	65.60
(f)	Right of-use assets	-	2,981.91	2,981.91
(g)	Other Intangible assets	-	11.45	11.45
(h)	Other non-financial assets	463.23	2,690.87	3,154.10
(i)	Assets held for sale	139.46	-	139.46
	Total Assets	**208,009.66**	**198,659.49**	**406,669.15**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Sr. No.	Particulars	Within 12 months	After 12 months	Total
	Liabilities And Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	212.88	1,352.88	1,565.76
(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	1,104.29	-	1,104.29
	(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	515.51	2,749.51	3,265.02
(d)	Debt securities	32,601.10	50,702.40	83,303.50
(e)	Borrowings (other than debt securities)	84,287.27	1,31,956.31	2,16,243.58
(f)	Subordinated liabilities	5,292.78	17,726.50	23,019.28
(g)	Other financial liabilities	20,810.63	49.12	20,859.75
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	509.61	514.78	1,024.39
(b)	Provisions	418.48	120.91	539.39
(c)	Other non-financial liabilities	1,809.95	-	1,809.95
[3]	**Equity**			
(a)	Equity Share capital	-	757.68	757.68
(b)	Other Equity	-	53,117.45	53,117.45
(c)	Non-controlling interest	-	59.11	59.11
	Total Liabilities and Equity	**147,562.50**	**259,106.65**	**406,669.15**

Note 41.2. 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	298.35	-	298.35
	(ii) Other receivables	-	-	-
(e)	Loans	133,801.95	151,544.56	285,346.51
(f)	Investments	6,449.77	1,254.09	7,703.86
(g)	Other financial assets	926.58	2,654.89	3,581.47
[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	-	2,142.63	2,142.63
(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	1,400.36	179.64	1,580.00
	Total Assets	**174,057.91**	**169,676.23**	**343,734.14**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Sr. No.	Particulars	Within 12 months	After 12 months	Total
	Liabilities And Equity			
	Liabilities			
[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	787.23	-	787.23
	(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	478.68	2,434.85	2,913.53
(d)	Debt securities	24,566.52	62,480.79	87,047.31
(e)	Borrowings (other than debt securities)	60,444.05	1,07,872.07	1,68,316.12
(f)	Subordinated liabilities	3,118.46	18,565.31	21,683.77
(g)	Other financial liabilities	13,065.35	20.46	13,085.81
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	256.57	168.40	424.97
(b)	Provisions	357.86	326.20	684.06
(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	**104,038.38**	**239,695.76**	**343,734.14**

NOTE 42. CORPORATE SOCIAL RESPONSIBILITY:

During the financial year 2020-2021, the Group has spent ₹ 126.16 million (P.Y. ₹ 183.66 million) out of the total amount of ₹ 126.16 million (P.Y. ₹ 183.66 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 CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 43. 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 (₹ in millions)	As % of consolidated profit or loss	Amount (₹ in millions)	As % of consolidated other comprehensive income	Amount (₹ in millions)	As % of consolidated total comprehensive income	Amount (₹ in millions)
IIFL Finance Limited (Formerly IIFL Holdings Limited)	51.99%	28,043.09	43.60%	3,317.39	86.80%	(211.07)	42.18%	3,106.32
Indian Subsidiaries								
IIFL Home Finance Limited (formerly India Infoline Housing Finance Limited)	36.92%	19,910.87	52.19%	3,970.86	12.25%	(29.79)	53.51%	3,941.07
Samasta Microfinance Limited	11.93%	6,435.95	8.67%	659.31	0.94%	(2.29)	8.92%	657.02
Clara Developers Private Limited (upto July, 2020)	0.00%	-	0.00%	-	-	-	0.00%	-
Trust with Residual Benefecial Interest								
Eminent Trust October 2019	(0.42%)	(225.70)	(1.83%)	(139.00)	-	-	(1.89%)	(139.00)
Eminent Trust November 2019	(0.54%)	(289.08)	(2.73%)	(207.38)	-	-	(2.82%)	(207.38)
Subtotal	**99.89%**	**53,875.13**	**99.91%**	**7,601.18**	**99.99%**	**(243.15)**	**99.91%**	**7,358.03**
Non Controlling interest in subsidiaries	0.11%	59.11	0.09%	6.92	0.01%	(0.02)	0.09%	6.90
Total		**53,934.24**		**7,608.10**		**(243.17)**		**7,364.93**

NOTE 44. 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 45. SHARED SERVICES

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

NOTE 46. 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

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

Place: Mumbai
Dated: May 06, 2021

FORM AOC-I

Salient features of financial statements of Subsidiaries as per Companies Act, 2013 as on March 31, 2021

Sr. No.	Particulars	IIFL Home Finance Limited (formerly India Infoline Housing Finance Limited)	Samasta Microfinance Limited
1	Share Capital	209.68	3,208.13
2	Other Equity	21,247.41	3,286.94
3	Total Assets	1,59,778.10	44,082.15
4	Total Liabilities	1,38,321.01	37,587.08
5	Investments	1,672.20	0.50
6	Total Turnover	20,677.50	7,021.30
7	Profit/ (loss) before taxation	5,099.84	821.54
8	Provision for taxation (including deferred tax)	1,088.89	155.30
9	Total Comprehensive Income	3,981.16	663.92
10	Proposed preference dividend	-	-
11	Extent of interest in subsidiary *	100.00%	99.09%

* IIFL Finance Limited have holding of 74.09% in Samasta Microfinance Limited and balance of 25.00% is been hold by IIFL Home Finance Limited.

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

For and on behalf of the Board of Directors
of IIFL Finance Limited
(Formerly known as IIFL Holdings Limited)

NIRMAL JAIN
Chariman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

Place : Mumbai
Dated: May 06, 2021

Notes

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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. V. K. Chopra
Mr. R. Venkataraman

RISK MANAGEMENT COMMITTEEE

Mr. A.K. Purwar
Chairman
Mr. R. Venkataraman
Mr. Nilesh Vikamsey
Ms. Geeta Mathur
Mr. Nagarajan Srinivasan
Mr. Sanjeev Srivastava

CSR COMMITTEE

Mr. Nirmal Jain
Chairman
Mr. Nilesh Vikamsey
Mr. R. Venkataraman

ASSET LIABILITY MANAGEMENT COMMITTEE

Mr. R. Venkataraman
Chairman
Mr. V. K. Chopra
Mr. Rajesh Rajak
Mr. Sanjeev Srivastava
Mr. Govind Modani

IT STRATEGY COMMITTEE

Mr. Nilesh Vikamsey
Chairman
Ms. Geeta Mathur
Mr. Aditya Sisodia
Mr. Raghunathan Balaji
Mr. Sanjay Tiwari
Mr. Sanjeev Srivastava
Mr. Shankar Ramrakhiani

CHIEF FINANCIAL OFFICER

Mr. Rajesh Rajak

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Sneha Patwardhan

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. Saurabh Kumar	Gold Loans
Mr. Anand Mathur	Human Resources
Mr. Sanjeev Srivastava	Chief Risk Officer
Mr. Vipul Oberoi	Marketing
Mr. Ashish Avasthy	Legal
Mr. R Balaji	Chief Technology Officer

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

Note: The above Corporate Information is as on the date of this Annual Report

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-compliance@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 to update or revise these forward-looking statements in light of developments, which differs from those anticipated.

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**

/indiainfoline

/IIFLCorporate

IIFL (India Infoline Group)

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