



INDIA INFOLINE FINANCE LIMITED
ANNUAL REPORT 2013 - 2014

Measuring Up

To amazing opportunities,
with robust fundamentals and a solid growth track record.



The outlook for the economy and financial sectors has turned distinctly positive. There are amazing opportunities for your Company. With economic activity picking up, it seems good times are ahead. However, good times do not eliminate the risk of complacency and grave errors. A finance company in the business of lending has to be built on robust fundamentals to make the most of opportunities. Our track record has been built on solid growth i.e. a growth with an uncompromising emphasis on asset quality and regulatory compliance. Therefore, we believe that we measure up to make the most out of the amazing opportunities that lie ahead.

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Our Robust

Fundamentals and Solid Growth Track Record

Strong leadership and parentage

IIFL is a subsidiary of the diversified and respected financial services group, IIFL Holdings Limited, founded in 1995 and with a pan-India presence. With first-generation entrepreneurs with meritorious academic backgrounds and impeccable professional careers at the helm, IIFL has attained new heights consistently over the years. All core businesses of the Group are led by independent and professional leaders, typically with 15-20 years' of experience with large banks and financial services companies. IIFL is a recognised brand among retail, institutional and corporate investors.

Robust systems and processes

IIFL has invested in ushering in procedural discipline, strategic clarity and comprehensive accountability. Robust credit selection and approval mechanisms, efficient credit monitoring and control processes, stringent audit, compliance and prudent risk management policies underpin the IIFL way of doing business. This has resulted in a loan portfolio with a low net NPA level of 0.33 percent, reflecting a clean track record and no liquidity mismatch issues.

Healthy Net-worth
(₹ in billion)



Robust capital
adequacy ratio (%)



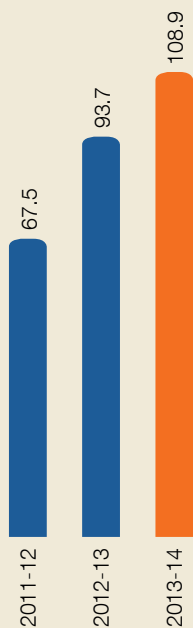
Declining cost-to-
income ratio (%)



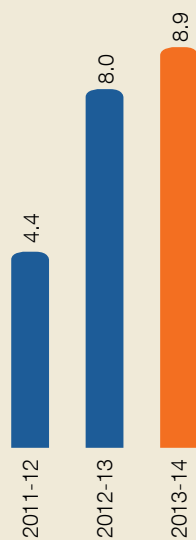
Return on Equity
(%)



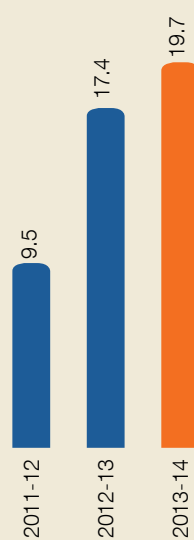
Book size (loan
book) (₹ in billion)



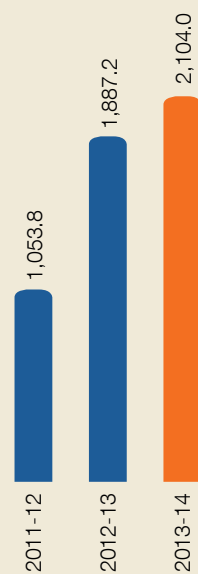
Earning
per share (₹)



Revenue
(₹ in billion)



Profit after tax
(₹ in million)

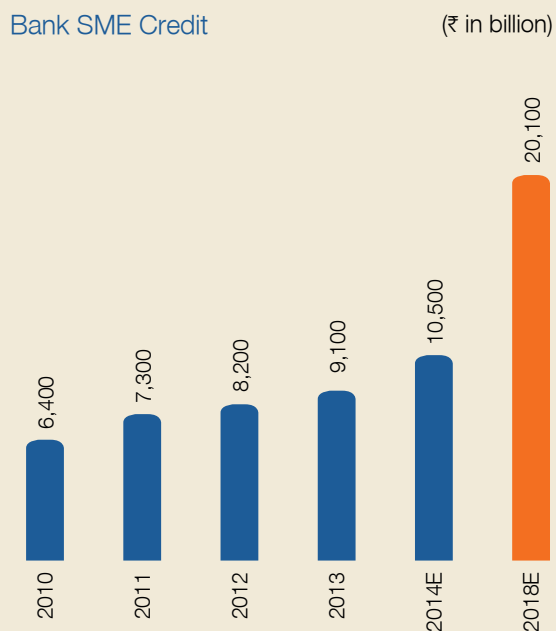


Amazing opportunities

NBFC share in SME loans negligible at 2% Bank SME credit

What started as a singular business now caters to diverse financial needs. The Company over the years has extended into the business of MSME loans, home loans and commercial vehicles, unveiling abundant opportunities for IIFL.

Close to 40 percent of the SME segment's financial demands are met by informal sources of finance at a high cost. Based on a recent study, close to 43 percent of existing bank customers also count on informal sources of finance. IIFL, through its distinctive proposition, robust underwriting model and processes coupled with strong monitoring methodology is targeting this segment. We expect significant growth in this segment in the coming financial year.



(Source: RBI, IIFL Research)

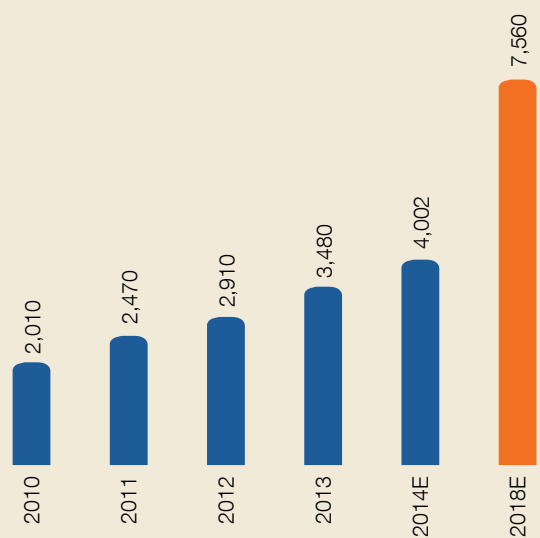
Home loans:

Home finance by NBFCs to grow faster than banks

According to CRISIL research, home loan disbursements are expected to grow at a compounded growth rate of 15-16 percent from FY 13 to FY18 owing to rising affordability and increase in urbanisation with Tier-II and Tier-III cities being the key drivers of industry growth. IIFL has launched products to support the lower and lower-middle class segments in their housing purchase aspirations.

Home finance by NBFCs

(₹ in billion)



(Source: RBI, IIFL Research)

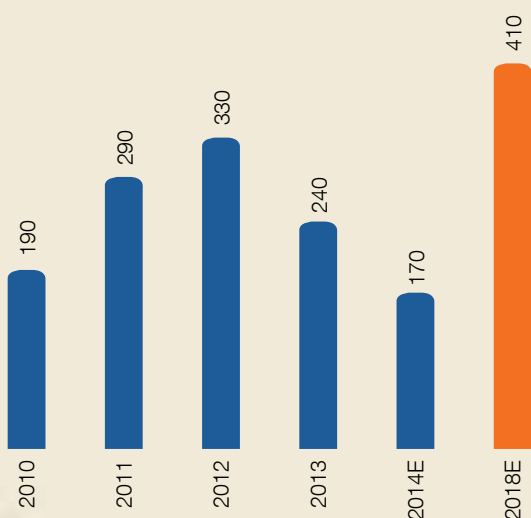
Commercial vehicle loans

CV financing to revive with an improvement across the macroeconomic parameters

Commercial vehicle sales remained subdued in FY14 due to a number of factors including slow economic growth leading to lower demand for freight transport, increasing fuel expenses, among others. The market is expected to revive in the second half of FY15 on the back of an anticipated economic revival. IIFL started its commercial vehicle finance business in December 2012, the commercial vehicle loan book has grown from Rs 740 million as on March 31, 2013 to Rs 4,400 million as on March 31, 2014. IIFL is adequately positioned to scale up and increase its presence and reach as soon as the market revives.

M & HCV Disbursement

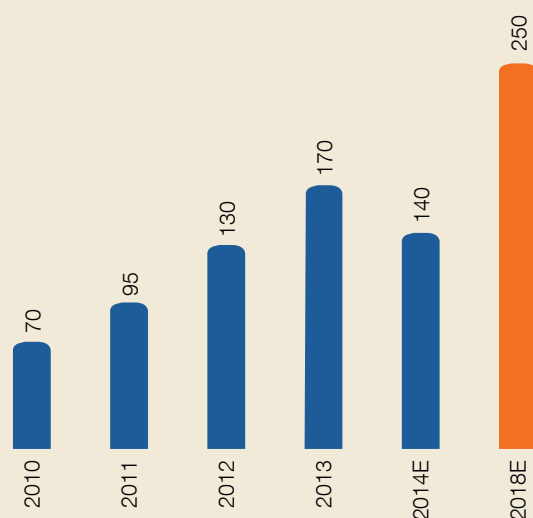
(₹ in billion)



(Source: CRISIL, IIFL Research)

LCV Disbursement

(₹ in billion)



Chairman's Message



Dear Shareholders,

It gives me great pleasure to address you as the Chairman of India Infoline Finance Limited.

An assessment of India's economy during fiscal 2013-14

During the year under review, India's economic growth remained muted with a sub-5 percent growth for the second year running. Although consumer inflation declined during the year, at over 8 percent, it continued to remain unacceptably high. Current account deficit declined sharply from about 5 percent in 2012-13 to less than 2 percent in 2013-14. While a part of this decline was attributable to lower gold imports and weak domestic demand, an improvement in exports also helped. The Central Government's fiscal deficit too moderated to 4.6 percent in 2013-14 from almost 6 percent, two years back.

An assessment of the NBFC's sector performance in fiscal 2013-14

Loan growth of NBFCs had slowed down in the past two years as many of them focused on consolidation

in order to preserve asset quality in a challenging macroeconomic environment. The share of secured assets and quality of collateral had gone up. While this helped preserve asset quality, interest spreads and profitability declined. Stricter lending norms and volatility in gold prices led to slower growth or decline in growth of gold loan business. Commercial vehicle sales saw a significant decline in volumes for the second year in a row. Many NBFCs reduced their exposure to this segment in view of low demand and higher default risks. On the other hand, home loans considered as relatively as a safe asset class witnessed higher growth with default rates in this segment remaining low.

OUR SOLID GROWTH Review of your Company's performance

During the fiscal gone by, your Company continued to grow its loan book despite testing macroeconomic conditions, with robust underwriting and credit appraisal processes. The year-on-year growth in the total loan book was 16 percent. Your Company's loan portfolio rose from ₹93.8 billion

as on March 31, 2013 to ₹108.9 billion as on March 31, 2014. Home loans/loans against property stood at ₹51.7 billion, gold loans portfolio stood at ₹39.1 billion, loan against shares/margin financing stood at ₹9.5 billion, medical equipment loans stood at ₹4.2 billion and CV loans incubated during the previous financial year to stand at ₹4.4 billion. Your Company continues to maintain a high asset quality and follows conservative provisioning at levels higher than statutory requirements. Gross NPAs were 0.86 percent and net NPAs were under 0.33 percent.

Robust growth in home loans

Your Company registered a 34 percent growth in mortgage portfolio over the last year. According to a report published by the National Housing Board (NHB), housing shortage in urban centres stands at around 19 million units. Rising affordability, increasing urbanisation and favourable demographics will be the key drivers of the mortgage industry growth. Considering the potential and unmet financing needs of customers in Tier-II and Tier-III cities, your Company plans to launch a product targeting these segments.

Gold loans in consolidation

Gold loans which have traditionally been a high growth product for your Company continued to be at a similar level as previous year. The year under review has not been particularly favourable for gold loan financing with sharp correction of gold prices in the first quarter, banks going aggressive on gold loans at very competitive rates and RBI's regulation limiting loan to value (LTV) to 60 percent in September 2013, based on the K U B Rao Committee Report. Level playing field for NBFCs was finally realised in January 2014 with LTV relaxed to 75 percent.

CV and medical equipment loans growing from low base

Commercial vehicle financing, a service launched by your Company in the year 2012-13, has grown consistently

despite a slowdown in sales in the commercial vehicle segment. Your Company's focus on meeting customer needs without compromising on quality has led to this growth. In medical equipment financing, your Company grew by 35 percent during the last year. Your Company focuses on building and strengthening relationships with manufacturers and attracting retail customers with quick turnaround times.

OUR ROBUST FUNDAMENTALS

Strong leadership

Your Company is led by first-generation entrepreneurs with meritorious academic backgrounds and impeccable professional careers. Your Company's management team possesses vast experience in the realm of financial services. Your Company has a robust and integrated Risk Management System to ensure that all risks are properly identified, assessed, measured, mitigated and reviewed effectively.

Funding and capital adequacy

Your Company continued to diversify the source of its funds. In 2013-14, we successfully raised a cumulative amount of ₹15.5 billion through two public offering of Non-Convertible Debentures (NCD). The two issues included ₹10.5 billion worth of secured NCDs for India Infoline Finance Limited in September 2013 and ₹5 billion worth of secured NCDs for India Infoline Housing Finance Ltd. in December 2013. Both issues received an overwhelming response from investors and were over-subscribed. The capital adequacy of your Company as per the RBI norms stands at 17.65 percent as on March 31, 2014; comfortably higher than the RBI-mandated 15 percent.

Low NPAs

Your Company's credit management team has implemented a stringent system of checks and balances. Loan requests are evaluated on the basis of the customers' borrowing history, loan

documents and KYC documents as prescribed by the RBI. Additionally, your Company also implemented various verification checks, conducted detailed personal discussions with customers and appointed qualified chartered accountants to assess customers' income credibility. These efforts have resulted in a IIFL emerging with a low net NPA of 0.33 percent.

Declining cost-to-income and cost of funds, improving NIM spread

Cost-to-income of your Company has declined during the year under review on the back of multiple initiatives undertaken by the Company aimed at achieving operational excellence and rationalising expenses. As branches achieve scale, the cost-to-income ratio is expected to decline further. The cost of funds for your Company has declined resulting in its credit rating being upgraded to AA. With better negotiations and securitisation, a further reduction in cost of funds is anticipated in the future. The NIM for your Company has improved quarter-on-quarter to 7.5 percent in Q4 FY14; at the same time the spread also increased to 6.7 percent.

OUR AMAZING OPPORTUNITIES

MSME loans provide a new growth avenue

Your Company is planning to extend its bouquet of products to MSME customers in the forthcoming financial year. With 40 percent of the MSME financing demand still being met through informal funding sources with high rates of interest, there is a tremendous potential for NBFCs to capture market share in this segment.

Better days ahead

The country's sentiment has taken a distinct positive turn after the installation of a new government at the Centre. A clear mandate in favour of the new government has raised hope and confidence that the long-pending economic reforms are not too far

away, which in turn would accelerate economic growth, create more jobs and raise income levels. Potential beneficiaries of such policy action would include sectors like infrastructure, power, financial services and mining, among others.

Outlook for the NBFC sector

The post-elections change in sentiment will help revive investment and consumption demand, and encourage NBFCs to aim for higher growth in their chosen areas. Interest rates in the economy remain high due to persistent inflation. The new government is likely to target inflation minimisation on a priority basis. This should allow interest rates to start softening in the later part of this fiscal. This should help grow loan demand and reduce asset quality risks. Improved liquidity conditions should reduce borrowing costs and improve availability of funds for NBFCs. Growth prospects for the NBFC sector and your Company appear much brighter in the days ahead. Your Company is adequately positioned to seize these opportunities.

The theme of this Annual Report is Measuring Up and I would like to believe that we have 'measured up' to your expectations in terms of robust fundamentals and solid growth. Your Company is well-capitalised, has put in place adequate risk management processes and has a wide distribution network to make the most of future growth opportunities.

Finally, I would like to express my gratitude to the shareholders, customers, regulatory bodies, bankers and employees for the continued support you have given to your Company.

Sincerely

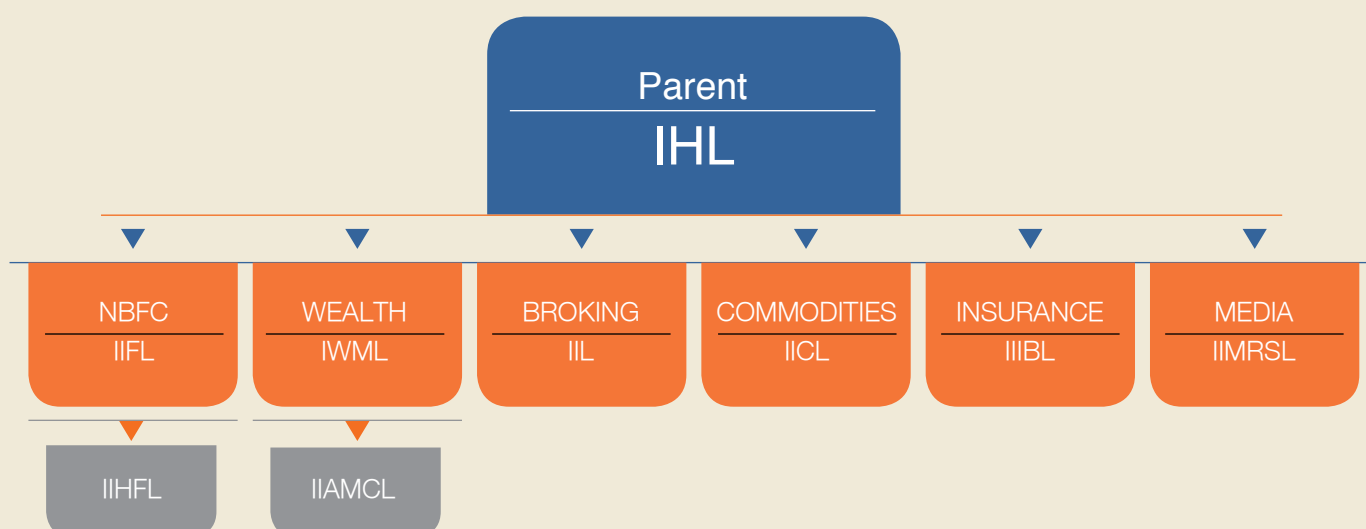
V K Chopra
Non Executive Chairman

About IIFL Group

Overview

IIFL Holdings Limited is engaged, through its subsidiaries, in the businesses of Non Banking Finance, Housing Finance, Wealth Management, Mutual Funds and Asset Management, Equities, Commodities and Currency Broking, Investment Banking, Insurance and other Financial Products Distribution.

IIFL Holdings Ltd holds 98.87% in India Infoline Finance Ltd.



IHL IIFL Holdings Limited

IIFL India Infoline Finance Limited

IIHFL India Infoline Housing Finance Limited (Wholly owned subsidiary of IIFL)

IWML IIFL Wealth Management Limited

IAMCL India Infoline Asset Management Company Limited (Wholly owned subsidiary of IIFLW)

IIL India Infoline Limited

IICL India Infoline Commodities Limited

IIIBL India Infoline Insurance Brokers Limited

IIMRSL India Infoline Media and Research Limited

#Chart depicts only key businesses and subsidiaries of IIFL Holdings Limited and not all businesses and subsidiaries

Vision

TO BECOME THE MOST RESPECTED COMPANY IN THE FINANCIAL SERVICES SPACE IN INDIA.

Values Growth

Driven to grow faster than the rest of the industry and encourage measured risk-taking and empowerment across all levels.

Integrity

Ensure utmost honesty and integrity, in letter and in spirit, in all our dealings with people – internal or external.

Fairness

Believe in being fair in our transactions, bereft of any fear or favour, with all stakeholders including employees, customers and vendors.

Transparency

Believe in as much transparency as practically possible, with our stakeholders, media, investors and the public at large.

Service

Service organisation, committed to delight our customers with superior advice and service, delivered with humility and sincerity.

International Subsidiaries' locations

USA

UK

Hong Kong

UAE

Switzerland

Singapore

Mauritius

Key businesses

NBFC: A diversified loans and finance company, offering loans secured against collaterals of home, property, gold jewellery, medical equipment, commercial vehicles, shares and other securities.

Housing Finance Company: A wholly owned subsidiary of our NBFC, focused on home loans and loans for residential project.

Wealth Management: One of the largest and fastest growing Wealth Management companies in India with assets under advice of close to ₹580 bn.

Asset Management Company: Our

AMC is wholly owned subsidiary of Wealth company and is Investment manager of IIFL Mutual Fund and rapidly growing AIF Funds

Equity Broking: One of the leading brokers catering to retail, HNI as well as institutional clients. Institutional clients include all leading FIIs, mutual funds, financial institutions and banks.

Commodities Broking: One of the leading retail brokers in commodities futures market on Commodity Futures exchanges.

Insurance Distribution: Emerged as one of largest broker for life insurance

in the country. ICICI Prudential, HDFC Standard Life and Reliance Life Insurance have been key partners.

Online Media: Online media sales and SMS business leverages on IIFL's internationally acclaimed research and the Group's online media portal indiainfoline.com, one of the leading websites for finance and investing.

International Subsidiaries: To cater to overseas Institutional Investors and NRIs for their India-centric investments, we have established subsidiaries in seven countries worldwide.

Awards & Accolades



Rajiv Mehta, IIFL receiving the India's Best Market Analyst Awards 2013 for Equity - Banking at the hands of Shri Narendra Modi



'Best Customer Service in Financial Services, 2013'



Best Private Banking Services
Overall – India



Internal tabloid - IIFL Buzz
awarded by Association of
Business Communicators
of India (ABCi)



IIFL receives award for its internal newsletter 'IIFL Buzz' at the 53rd Association of Business Communicators of India (ABCi) Award, 2013



Karan Bhagat, CEO, IIFL Wealth receiving award from Mr K V Kamath, Non Executive Chairman, ICICI at the UTI & CNBC-TV18 Financial Advisor Award, 2013



Fastest Growing Wealth
Management Company in India



Highest Asset
Growth Champion



India's Best Market Analyst Awards 2013 for
Pharmaceutical, Banking and Oil & Gas sector



Prayesh Jain, IIFL receiving the India's Best Market Analyst Awards 2013 for Equity - Oil and Gas at the hands of Shri Narendra Modi



Aditya Gadge, CEO, AIWM presenting the award to Arun Chopra, IIFL Securities Pte Ltd



Best Wealth Management
Company in India (>50
employees) and Highly
Commended Private
Bank in India



Best Wealth Management
House in India,
2013, 2012 and 2011



Awarded for the Most Number of Active Accounts'
in non -bank category



IIFL won award for most number of active accounts in Non Bank Category, in NSDL DP at the 28th DP Conference of NSDL

IIFL Group **Advisory Board**



From Left to right: Mr. Sat Pal Khattar, Mr. Nirmal Jain, Mr. Keki Dadiseth, Mr. Ashok Jha, Mr. Somasekhar Sundaresan,

THE COMPANY AND THE MANAGEMENT DERIVE THE PRIVILEGE AND BENEFIT OF ADVISORY BOARD CONSISTING OF DISTINGUISHED AND EMINENT PEOPLE WITH RICH EXPERIENCE AND ENVIABLE REPUTATION IN THE FINANCIAL SERVICES SECTOR. THE ADVISORY BOARD MEETS ON A REGULAR BASIS AND DISCUSSES ON THE STRATEGIC DIRECTIONS OF THE GROUP, NEW INITIATIVES BESIDES OTHER IMPORTANT MATTERS SEEKING THEIR INPUTS.

1

Mr. Keki Dadiseth is former Chairman of Hindustan Unilever Limited ("HUL") and former Director of Unilever Plc and Unilever NV. Mr Dadiseth is a Fellow of the Institute of Chartered Accountants of England & Wales and had joined Hindustan Lever Ltd in 1973 as Manager in Audit department. He became Chairman of HUL in 1996. He was appointed Director on the Board of Unilever Plc and Unilever NV in May 2000 and served with distinction till his retirement in 2005.



Mr. Keki Mistry, Mr. S Venkatachalam, Mr. R Venkataraman

2

Mr. Keki Mistry is the Vice Chairman & Chief Executive Officer of HDFC Limited. Mr. Mistry began his career with AF Ferguson & Co., a renowned Chartered Accountancy Firm, followed by short stints with Hindustan Unilever Limited and Indian Hotels Company Limited. Besides being on the board of several HDFC group companies, Mr. Mistry is also on the Board of other reputed public limited companies like IL&FS, Sun Pharmaceuticals and Torrent Power.

3

Mr. Ashok Jha, IAS (Retd.), served as the Finance Secretary of the Government of India. Mr. Jha held crucial positions in India's State and Central Government apparatus. For about two years, Mr. Jha was in the Finance Ministry first as Secretary, Economic Affairs and later as Finance Secretary, while continuing his former role. Mr. Jha was India's alternate Governor in the World Bank and the Asian Development Bank. Prior to working with Finance Ministry, Mr. Jha served as the Secretary, Department of Industrial Policy and Promotion and headed Foreign Investment Promotion Board (FIPB).

4

Mr. Sat Pal Khattar, a prominent lawyer, is the founder of Khattar Wong & Partners, one of the largest law firms in Singapore, and the Chairman of Khattar Holdings, a private investment firm. Among the many portfolios that he holds, Mr. Khattar is the Chairman of the Singapore Business Federation, and Co-chairman of the Singapore-India Partnership Foundation. He was awarded with the prestigious Padma Shri award by Government of India in 2011.

5

Mr. Somasekhar Sundaresan is an eminent Corporate Lawyer. He heads the Securities Law practice of M/s J Sagar Associates, Advocates and Solicitors. Mr. Somasekhar is a permanent invitee to the executive committee of FICCI and is an active member of its Capital Markets Committee. He was also a member of the Takeover Regulations Advisory Committee constituted by SEBI.

6

Mr. S Venkatachalam, a Chartered Accountant by profession, worked with Citibank India for over three decades. He is currently the Chairman of the Board of Directors of Oracle Financial Services Software Limited. He also serves on the boards of State Bank of India, Equifax Credit Information Services Private Limited and Canara Robeco Asset Management Company Limited.

IIFL Finance, with a diversified product portfolio caters to promising segments and addresses growing capital needs, across under-served markets.

About IIFL

India Infoline Finance Ltd. (IIFL), a non-banking finance company, is a subsidiary of IIFL Holdings Limited. The Company was incorporated in 2004 as India Infoline Investment Services Private Limited and was converted into a Public Limited Company in 2007.

Reach

With 1,350 branches across nearly 650 cities and towns in India, IIFL enjoys a pan-India presence.

Customers

The Company serves more than 2.2 million customers

by providing differentiated products and efficient services.

Product offerings:

- Home loans
- Loan against property
- Gold ornaments loans
- Commercial vehicle financing
- Capital market finance
- Medical equipments finance

₹ **108.9** billion

Loan book as on March 31, 2014

₹ **101.9** billion

Total borrowing as on March 31, 2014



17.7%

Capital adequacy ratio
as on March 31, 2014

7.2%

Net interest margin as
on March 31, 2014

0.3%

Net non-performing
assets as on
March 31, 2014

Over **7,000**

Team strength as on March 31, 2014

1,350

Branches as on March 31, 2014



Across the country Investor meet

IIFL successfully conducted several road shows across the country in its run-up to the issue of public bonds. In the corporate bonds market, IIFL is a respected name and has an impeccable track record. The investor meets, which revolved around the theme – ‘A bond

based on trust’, educated investors on pros and cons of investing in NCDs. Despite tight liquidity conditions and an uncertain environment, there was overwhelming response from Tier-I and Tier-II cities as investors got a chance to reap attractive benefits when interest

in other asset classes was dwindling. Investors were particularly fascinated with fixed monthly income returns and it was encouraging to note that many of the investors were first-time investors in bonds.



Mukesh Singh, Director, IIFL, addressing investors in Indore



Investor meet in Ahmedabad



Mr Nirmal Jain, Chairman IIFL Holdings Ltd and Mr V.K. Chopra, Chairman India Infoline Finance Ltd. interacting with the investors



Investor meet in Mumbai

Two record breaking bonds

1. IIFL Finance raised ₹1,050 crores, the largest mobilisation by public issue of corporate bonds by any private sector company in India, in the last 4 years*

* As per Prime Database



2. IIFL Housing Finance raised ₹500 crores, it was first ever public issue of bonds by any private sector housing finance company in India*

* As per Prime Database



Industry overview

Indian economy

The Indian economy experienced one of its most challenging slowdowns in nearly a decade on the back of global contractionary headwinds, domestic macroeconomic imbalances and policy reversals on the fiscal front. GDP growth in 2013-14 was estimated at 4.9 percent compared with 4.5 percent in 2012-13 (*Source: CSO*).

The slowdown resulted from a contraction of 0.2 percent in the manufacturing sector (1.1 percent in the previous year). The mining and quarrying sector was estimated to contract by 1.9 percent (2.2 percent decline a year ago). Nominal growth was anticipated in other sectors, services sector (finance, insurance and real estate and business services sectors) was estimated to grow at 11.2 percent (10.9 percent in 2012-13) and construction sector was estimated to grow at 1.7 percent (1.1 percent in 2012-13).

The NBFC sector

NBFCs play a crucial role in the development of Indian economy by meeting the financing needs of customers who otherwise do not have access to formal sources of finance. The sector witnessed phenomenal growth in the last 10 years, growing at a compounded annual growth rate of 22 percent between March 2006 and March 2013. The share of NBFCs assets in GDP (at current market prices) increased steadily from just 8.4 percent as on March 31, 2006 to 12.5 percent as on March 31, 2013 (*Source: RBI*)

According to estimates, the sector

grew by a mere 5 per cent during the first nine months (ending December 31, 2013) as against 15 per cent during the same period in the previous year. Based on the last quarter growth, it is expected that growth in retail credit of NBFCs would be 8-10 percent for 2013-14. The decline in credit growth can be attributed to a significant slowdown caused by de-growth in the commercial vehicle (CV), construction equipment (CE) and gold loan segments.

There is a growing industry-wide asset quality concern among NBFCs, with retail loans classified as delinquent (90 days past limit) moving to 4.3 per cent in December 2013 from 3.5 per cent in March 2013 and loans classified as non-performing (more than 180 days past due delinquency) moving up to 1.7 per cent in December 2013 from 1.3 per cent in March 2013. (*Source: ICRA*)

Demand drivers for the NBFC loan market

- World bank has projected an economic growth rate of 5.7% for India in 2014-15. Favorable business environment will boost NBFC portfolio.
- The housing stock shortage is pegged as around 19 million units in India. Increase in demand for housing units driven by nuclearisation of families will drive up need for home finance.
- It is estimated that currently 40 percent of the MSME credit demand is met through informal sources, growing demand from MSMEs who are currently accessing finance from informal sources or are self-financed is a huge opportunity for NBFCs to tap into.

NBFCs play a crucial role in the development of the Indian economy by meeting the financing needs of customers who otherwise do not have access to formal sources of finance.

■ Increasing development in Tier-II and Tier-III cities will lead to an increase in demand for credit, one of the key growth drivers for growth of NBFCs

Outlook

In 2014-15, NBFCs are expected to play to their strengths, diversify their portfolio and devise niche offerings, so as to ensure growth in an intensely competitive financial market. NBFCs are expected to maintain their market share at current levels (around 16 per cent) in 2014-15 amidst a challenging regulatory scenario.

The key enablers for steady growth of NBFCs amidst regulatory overhaul, especially in the retail finance segments (gold, microfinance, housing finance, auto finance) would be a keen emphasis on Tier-II and Tier-III cities, product and process innovation, and continued focus on core businesses. (Source: CRISIL)

Additionally, with the spotlight on guaranteeing inclusive economic growth, NBFCs are expected to play a very critical role by virtue of their ability to provide last mile connectivity.

NBFCs are expected to play to their strengths, diversify their portfolio and devise niche offerings to ensure growth.

An overview of the Indian economy is provided below:

Declining GDP growth

The real GDP growth rate for 2013-14 stood at 4.9 percent of the factor cost and was abysmally low compared to a decadal average of 7.6 percent (2003-04 to 2013-14). A sharp slowdown in the manufacturing sector and continued weakness in the mining sector were offset by a small acceleration in the services segment – particularly public services – and a rebound in the agricultural segment.

Depreciating currency

With the INR depreciating sharply, there was a reduced inflow of foreign capital, which raised the external debt pressure and grew India's oil and fertiliser subsidy bills. Credit rating agencies like Moody's downgraded India to BBB with a negative outlook.

Industrial de-growth

As per the Index of Industrial Production (IIP), industrial output growth rate was pegged at (-) 0.2 per cent during the April-November 2013 period compared to 0.9 per cent during the same period in the previous year. A combination of global and domestic factors led to a deceleration in industrial output. The contraction was largely due to a decline in the mining, capital goods and consumer goods sectors.

Rampant inflation

The Wholesale Price Index (WPI) inflation in 2013-14 (April-December) averaged 6.16 per cent vis-à-vis 7.56 percent in the corresponding period of the previous year. The financial year 2013-14 started with a headline WPI inflation of 4.77 per cent and was placed at 6.16 per cent in December 2013.

Upbeat capital market

Despite the tapering of quantitative easing (reduction in the number of monthly bond purchases programme by the US Federal Reserve from US\$ 85 billion/month to US\$ 65 billion/month), investor-friendly measures by the Central Government and the RBI strengthened investor sentiment. The net inflows in Indian stock market during 2013-14 was ₹80,000 crore.

Segment overview

Housing loans

An increase in the per capita income, along with the increasing availability of finance, has resulted in a growth in demand for housing in the past few years. Shortage of homes in India stands at around 19 million units with 95 percent of this housing shortage emanating from the low-income group category. Home loan disbursements are expected to witness a compounded growth rate of 15-16 percent over the next five years. Rising affordability, increasing urbanisation, favourable demographics and infrastructural development in Tier-II and Tier-III cities could act as key demand drivers (Source: CRISIL).

Banks and housing finance companies (HFCs) have logged a combined growth of 20 per cent in the home loans segment in 2013-14, the same as in the previous year. In absolute terms, home loans disbursed by banks and HFCs collectively have increased by ₹1,600

billion to ₹9,600 billion in FY2014.

Banks accounted for 65-66 per cent of the overall ₹9,600 billion housing loans market, the balance was accounted for by HFCs. The average home loan ticket size for HFCs and banks increased to ₹1.8-1.9 million (₹1.6 million in the previous year) and ₹1.2 million (less than ₹1 million in the previous year), respectively.

Loan against property

Loans against property provide an edge to those seeking to avail cost-effective loans using their property as collateral. This loan has become popular among small businessmen and individuals with ancestral property. The sanctioned loans can be used for meeting working capital requirements or can be channelised towards other areas (higher education, marriage, among others).

Gold loan

India is the largest consumers of gold, accounting for over 20 per

20%

India's proportion in
global consumption
of gold



cent of the global consumption. Gold jewellery forms around 80 per cent of the Indian jewellery market, with the remaining comprising fabricated jewellery (including diamond and gemstone-studded jewellery). India's gold loan market is expected to record a compounded growth rate of 26.33 percent by 2016. A substantial portion of the gold jewellery produced in India is consumed in the domestic market.

One of the key trends witnessed in India's gold loan market is the increasing adoption of technology by vendors. Gold loan service providers are increasingly adopting technological resources, enabling them to commission branches quickly and efficiently. This lets them scale their business by reducing human intervention, making the model cost-efficient, facilitating borrower account tracking, customer submissions, real-time data access and faster decision-making. (Source: *Research and markets*)

In a significant breather for NBFCs, especially gold loan companies, the Reserve Bank of India allowed them to disburse higher loan amounts against gold jewellery pledged by borrowers from January 2014. The NBFCs can now disburse up to 75 per cent of the total value pledged, up from 60 per cent earlier. According to CRISIL, the industry is expected to grow at a CAGR of 15 – 18% over the next 10 years.

Loan against capital market instruments

The capital market has become a lucrative area for investments, with the influx of FII and FDI in various sectors. With prospects brightening for finance and easy availability of low collateral for the general masses, loans on capital market instruments have become popular. Though the

loan amount depends on the value of security, the risk for lenders remains high especially taking into consideration market volatility, quality of security and collateralised stock liquidity. Most NBFCs have robust risk management processes in place to mitigate these risks.

The capital market financing is expected to gain further momentum as the market rebounds.

Commercial vehicles

The CV market is expected to grow to ₹1,100 billion in FY 18 from ₹480 billion in FY13 (Source: *CRISIL*). The growth in commercial vehicle market has been subdued owing to buildup of high capacity and its under utilisation. However, a steady recovery in the M&HCV segment is expected from second half of 2014-15 owing to overall macroeconomic recovery and cooling off of interest rates from Q4FY14. This will result in increase in demand and better utilization.

CV disbursements are likely to track the growth of overall CV sales. The overall CV finance market is expected to grow to ₹900 billion in FY18 from ₹430 billion in FY13 at compounded growth rate of 16 – 18%. M&HCV and LCV disbursements are expected to grow at a compounded rate of 15 – 17% and 17 – 19% respectively (Source: *CRISIL*). The long term growth prospects of the sector remain robust and will be driven by factors such as increase in road network in the rural economy driven by increasing rural income.

Healthcare

The domestic healthcare sector is poised to touch US\$ 100 billion by 2015 and US\$ 275.6 billion by 2020 (Source: *IBEF*). This growth is expected to be driven by growing incidence of medical tourism being addressed

by multi-specialty hospitals, holistic medicine centres and health spas. Services typically sought by travelers include elective procedures and complex surgeries. Medical tourists select India as a preferred destination on account of cost-competitiveness and technology at par or better than American or European counterparts. Medical tourists visiting India are expected to touch 3,200,000 by 2015, growing annually at 30 per cent.

The technology-driven medical scenario prevailing in India is leading to a growing demand for quality products. The increased spending capacity of the middle-class has increased the demand for high-end services and sophisticated medical treatment on the one hand; the country faces an infrastructural shortfall on the other. In view of this, the Central Government selected to increase health expenditure to 2.5 per cent of the country's GDP by the end of the Twelfth Five Year Plan (2012-17) from 1.4 per cent. The hospital services market (mainly private), which represents one of the most important segments of the Indian healthcare industry, is pegged at US\$ 81.2 billion by 2015.

The capital market has become a lucrative area for investments with the inflow of FII and FDI in various sectors accounting for an increased demand.

Business segment

Mortgage loans

41.1 %

Contribution to
revenues

₹ 55.9 billion

Assets under
management

47.5 %

Contribution to the
total loan book

**All figures relevant to 31 March 2014*

Home loans

IIFL provides loans for purchase of residential properties, home construction, home improvement and plot loans, through its subsidiary India Infoline Housing Finance Limited. The maximum tenure for housing loans is 240 months.

The Company sources home loan applications through its direct sourcing channel, DSA network and alternate

channels. The Company successfully converted twice the number of customers over the last fiscal.

Initiatives, 2013-14

During the year, the Company started focusing on extending housing loans to the low-income segment, ticket size of loans up to ₹2.5 million, owing to higher demand.

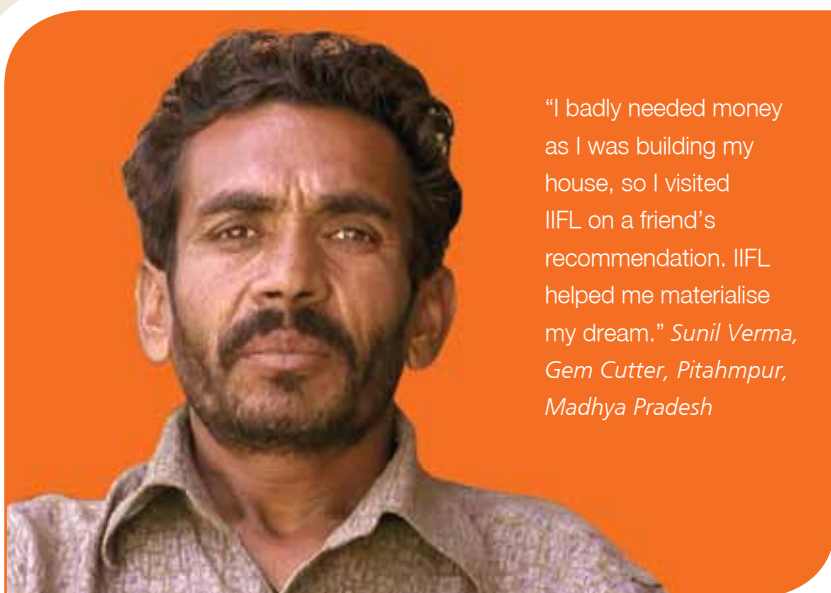
The share of affordable housing in home loans increased considerably in 2013-14 over the last fiscal.

IIFL leverages on its extensive branch network for generating leads and sourcing customers. Its robust systems and processes have helped in building an enduring and profitable portfolio.

In a bid to go retail, IIFL initiated and put into place, a strong system of checks and balances to attend to customers across the country.

Outlook

There is a growing demand originating from the affordable segment. To reach out to the customer base in Tier-II and Tier-III cities, IIFL has launched a unique home loan product (Swaraj). IIFL anticipates incremental growth in this segment over the foreseeable future. Consequently, the Company will continue to focus on smaller ticket home loans.



"I badly needed money as I was building my house, so I visited IIFL on a friend's recommendation. IIFL helped me materialise my dream." *Sunil Verma, Gem Cutter, Pitahmpur, Madhya Pradesh*

Loans against property

Loans against property (LAP) are provided for working capital requirements, business use, new commercial property acquisition and construction financing.

LAP continues to be the largest and the most dominant product within the mortgages segment.

The self-employed segment, which is the foremost segment of LAP, requires efficient checks and controls to ensure a quality portfolio and risk reduction. IIFL has undertaken necessary checks regarding the borrowers' credit background and conducts legal and technical security evaluation. IIFL leverages on external as well as internal appraisal of properties including valuations by international property consultants for large mortgage loans. The verification process comprises of prescribed and independent fraud control checks.

Initiatives, 2013-14

IIFL focused on the retail segment and successfully reduced the average ticket size by 36 percent in LAP as compared to 2012-13.

IIFL strengthened its in-house collection and legal teams for enhanced collection efficiency.

Outlook

The demand for loan against property from small business segments has been growing significantly. Increased focus on the SME segment will ensure high growth in the LAP market.

IIFL will continue to carve a niche for itself in this segment through innovative offerings and service expertise.

"The interest rate is low and their service has been hassle-free. I will recommend IIFL to friends and relatives." *Sampat Lal, Home Loan Customer, Ajmer*

"Last year I took a loan from IIFL. Before the loan disbursement, they conducted a thorough check which was not time-consuming at all. The loan was disbursed within 15 days. Their procedures are transparent and everything is straightforward. Dealing with IIFL has been like a cake walk for me." *Jagdeesan, Home Loan Customer, Chennai*



Business segment

Gold loans

41.4%

Contribution to the revenue

₹39.5 billion

Assets under management

35.9%

Contribution to the total loan book.

**All figures relevant to 31 March 2014*

IIFL typically caters to small businessmen, vendors, traders, farmers and salaried people, who, for reasons of convenience, accessibility or necessity, pledge their gold jewellery.

IIFL provides customised retail loan products based on the borrowers' requirements. IIFL disburses up to 75 percent of the gold value which provides an adequate buffer and offers competitive rates on customised schemes with flexible payment options.

As part of the verification process, IIFL officers undertake prescribed checks

and conduct borrower appraisals. Valuers have been certified and trained in asset quality practices and have an experience of not less than one year. Each branch has adequate security provisions as prescribed by RBI.

Initiatives, 2013-14

IIFL consolidated its gold loan business amidst an uncertain environment, marked by global price decline, policy impediments and regulatory interventions. There was reduction in number of branches owing to unfavourable market dynamics.

The Company organised a unique Gold Loan mela, where a customer who successfully referred the product to others, received an interest subvention. The Company initiated several marketing initiatives with a localised approach during the year.

Owing to the prevailing market uncertainty, the Company encouraged cross-sale of products through its gold loan branches. Gold loan branches have contributed ₹2,750 million to the mortgage business.

Outlook

Going forward, the Company expects to increase its market share on the back of increased procedural efficiency and timely loan disbursements. The Company will invest in technology up-gradation and related-service efficiency and look to enhance cross-selling.



"The good thing about IIFL is that the procedures are smooth and quick unlike other banks and pawn shops. The interest rates are also low which is good for my business."

Jai Kalyani, Small Scale Businessman, Madurai, Tamil Nadu

Business segment

Commercial vehicles

3.1%

Contribution to
the revenue

₹ 6.3 billion

Assets under
management

4.0%

Contribution to the
total loan book

**All figures relevant to 31 March 2014*

IIFL entered this business segment in December 2012, providing loans for all types of commercial vehicles (new and used commercial vehicles and buses; small, light, medium and heavy commercial vehicles, among others).

The commercial vehicle financing team sources clients through its direct sales force, direct selling agents, authorised dealers of various manufacturers and also the entire IIFL branch network.

The commercial vehicle finance team comprises members from the sourcing department (sales and collections) and the underwriting department (credit and operations).

The Company has invested in automated systems and processes; strategically located hubs facilitates faster disbursement and help lower turnaround time. Loan proposals are evaluated based on parameters including industry experience, borrowing history, loan documentation and relevant KYC documents as prescribed by the RBI.

Initiatives, 2013-14

The commercial vehicles market reported a 21 percent de-growth in sales volume during the year under review. This underperformance was a

result of intermediate, medium and heavy commercial vehicle segment contracting by 27 percent and the small commercial vehicles segment by 18 percent.

Resultantly, the Company limited its disbursement to around 1,000 vehicles per month with a total loan book size of ₹4,387 million. IIFL focused primarily on small commercial vehicle and used commercial vehicle segments. The

Company engaged services of certified-valuers, restrained its exposure in this segment and diversified its product mix in line with the evolving risk profile.

Outlook

IIFL expects the markets to revive during the second half of 2014-15 and is competently placed to scale its presence when the market revives.

"Other banks put us through endless follow-ups and take a lot of time to respond. On the contrary, IIFL gives a quick and prompt service." *Shambhu Kumar Gupta, Owner Transport Company, Karnal*



Business segment

Healthcare financing

2.1%

Contribution to the
revenue

₹ 4.1 billion

Assets under
management

3.8%

Contribution to the
total loan book.

**All figures relevant to 31 March 2014*

Healthcare financing broadly comprises servicing of loans for acquisition of new medical equipment, lien-free equipment as well as loans for ancillary and refurbished equipments.

IIFL provides healthcare finance to doctors operating clinics, diagnostics/pathology centres, nursing homes, hospitals as well as institutions such as medical and dentistry colleges. These loans are extended against the security of equipments, personal guarantees and mortgage of properties.

IIFL's healthcare financing team operates out of the existing mortgage and gold loan branch network.

The sales leads are originated through IIFL's pan-India network of branches, spearheaded by independent regional sales managers. The Company enjoys associations with direct sales agents, other channel partners as well as medical equipment manufacturers, who help facilitate lead generation.

With a strong pan-India branch network in place, IIFL possess the unique ability to source customers from across the country.

Initiatives, 2013-14

The Company has reinforced its relationships with manufacturers through participation in financing

schemes at various events conducted across the country. Whilst the competitors focus primarily on large ticket loans, the Company leveraged on its extensive branch network to service the needs of small ticket customers.

The Company has developed a customised approval procedure for retail customers seeking loans below ₹3 million, through an in-house scorecard assessment system. This has significantly reduced turnaround time, improving efficiency and increasing market share.

The Company extended a top-up facility to its customers, post-repayment of a substantial portion of loan, enabling customers to seek additional funds, as required

The Company has strengthened its loan book to ₹4,170 million with negligible delinquency.

Outlook

The Company will leverage on its extensive experience to widen its customer base. It plans to bundle its medical equipment loan with property loans to address growing customer needs and also plans to increase its retail loan limit to ₹5 million. IIFL is also planning to launch a Fast Track Retail Loan product for loans ranging between ₹0.2 million and ₹2 million, with an eye on some leading equipment manufacturers.



"I bought a sonography machine; part-financed by me and the rest was financed by IIFL. I faced no problems in receiving the loan and all my requirements were met." *Dr. S.K. Vijayati, Director and Surgeon, Saroj Hospital, Rajasthan*

Business segment

Capital market finance

9.0%

Contribution to the
revenue

₹ 9.5 billion

Assets under
management

8.8%

Contribution to the
total loan book.

**All figures relevant to 31 March 2014*

IIFL offers a wide range of Capital Market Financing products including loans against securities, margin funding for broking clients, IPO financing, promoter financing and open offer financing. These products are secured by pledge of listed equity shares, mutual fund units, structured notes bonds, debentures and collaterals, all approved as per the credit policy.

Target customers include but are not restricted to: high net-worth individuals (HNIs), corporates, proprietary firms, private trusts, partnerships, limited liability partnerships and individuals.

The retail and HNI portfolio comprises funding against diversified stock/securities, reducing the risk of dependence or exposure on a single security as collateral. The Company has in place an approved list of securities based on liquidity and other quality parameters, monitored periodically on the basis of which the loan-to-value is decided.

For each of its transactions, the Company engages in a thorough verification of its client profile, an analysis of the quality of its collateral, complemented by in-depth research to keep in check multiple parameters such as market capitalisation, liquidity, 52-week volatility, among others. To protect asset quality against market volatility,

the Company generates margin call reports for each loan, on a real-time basis. These margin calls are sent daily to clients.

The Company has consistently executed structured transactions with a quick turnaround time, offering competitive interest rates along with the best-in-class loan management systems.

Initiatives, 2013-14

Although capital markets experienced a slowdown in the year gone by, IIFL maintained a healthy loan book during the year. As capital market loans were

sourced through direct sales, branch network, retail and wealth teams, the Company enjoyed access to ~2,000 sales executives from the retail teams and 150 sales executives from the wealth team of the parent company.

Outlook

Going ahead, as the market rebounds in 2014-15, the Company expects growth in its capital market finance portfolio. Also, the Company will leverage its ability to process faster and service better a wide range of customers.

"I have been dealing in stocks and shares for the past two decades and have been associated with IIFL for more than 15 years. Through my experience I can say you can trust them blindly. I wish them all the success in life."
Ramkrishnan, Stock Trader, Tamil Nadu



Risk management

IIFL's risk management effectiveness is derived from an understanding of economies, sectors, regulations and geographies. IIFL's risk mitigation framework is based on a thorough understanding of strategies, policies, initiatives and norms, leading to identification, assessment, mitigation and structured reporting and control.

Credit risk

Any failure of a borrower to honour financial obligations may impact sustainability.

Risk mitigation

- The Risk Management Committee and Asset Liability Management Committee (ALCO), comprising Directors and senior officials outlines the policies and procedures after due deliberations leading to a comprehensive assessment of various risks, policies, systems and controls
- The Risk Management Committee periodically reviews the risk management process covering credit, underwriting controls, compliance risks and operational controls and reputation risks
- The funding policies are reassessed periodically keeping in mind factors like liquidity, loan, portfolio interest rate movements and desired fund mixes particularly fixed / floating rate funds, wholesale / retail funds, money market funding, among others, keeping in view the yield optimisation of the portfolio.

Funding risk

The inability to mobilise low-cost funds in time may affect profitability.

Risk mitigation

- The Company has access to diverse funding sources (banks, mutual funds,) reducing its dependence on any single source. The funding has been addressed through a combination of borrowing instruments which includes working capital limits from banks, term loans, non-convertible debentures, inter-corporate deposits and commercial papers.
- The Company's rating was upgraded - long-term rating from AA- to AA by CARE. Instruments with this rating are considered to offer a high degree of safety as far as timely servicing of financial obligations is concerned. With rating upgrade cost of funds will come down.

Operational risk

Any loss resulting from ineffective processes or responsiveness could affect viability.

Risk mitigation

- The Company invested in comprehensive controls to monitor transactions, maintaining key informational backup and undertaking adequate contingency planning.
- The Company's employees are regularly trained on various operational controls and risk management procedures.
- The Company secured its lending through adequate credit appraisal, effective documentation, risk monitoring and effective collection systems.
- The Company invested in cutting-edge security systems, firewalls and password encryption and safe vaults to address probable security breaches.
- The Company engaged in comprehensive audit checks to protect asset quality.

Corporate Social Responsibility

AID TO GOONJ FOR UTTARAKHAND VICTIMS

In the month of August 2013, ₹5,49,765 was donated by IIFL to the organization 'Goonj' for the Uttarakhand victims. A one-day leave was contributed by pan-India employees to pool up the money for this donation.

In the month of March 2014, IIFL gifted ₹1,00,000 to the Widows of Gallant Soldiers in the Golden Jubilee Function at Jaisalmer (Rajasthan). Household items were purchased from Canteen 9 Guards and gifted to the widows.

SPONSORING EYE SURGERY CAMP FOR BARSANA CAMP

For the 5th year in a row, IIFL Foundation has been sponsoring the Barsana camp, which has been successfully organised by the Bhaktivedanta Hospital. Over 3,500 people lose their eyesight every year in the nearby villages due to lack of adequate healthcare services. Bhaktivedanta Hospital along with IIFL Foundations organise the camp to ensure that least number of people suffer.

Since 1992, the Hospital has been conducting free eye and dental camps at Barsana (Mathura district). Thousands of villagers - majority of them over the age of 60 years - have been benefited through these camps annually.

This year, the camp commenced on 10th February 2014 and the screening took place over three days.. Around 2,760 patients were screened, out of which 950 patients were identified for cataract and other surgeries. The camp not only conducted these surgeries, but also followed up with each of the cases after few weeks.

About 2,100 patients attended the dental camp between 10th February and 13th February. All related procedures like scaling; filling and extraction were performed by a 45-member dental team consisting of dentists, volunteers and other paramedical staff. Over 80 dentures were given to needy patients on the spot with active follow-ups being facilitated.





Flame Initiative

IIFL's financial literacy mission is intrinsically wedded to the spirit of inclusion which demands unconditional effort to strike a chord with the target groups before attempting to define their needs. A report on IIFL's recent financial literacy program for various target groups includes school and college students, teachers and working women.

NATIONAL SOCIETY FOR EQUAL OPPORTUNITIES FOR THE HANDICAPPED (NASEOH)

IIFL under its FLAME initiative to spread financial literacy, partnered with K J Somaiya Institute. A six-month program was undertaken to impart financial knowledge to the physically-handicapped of NASEOH (National Society for Equal Opportunities for the Handicapped). Financial literacy activities were also undertaken for Adarsh Vidyalaya in Mumbai.

This project for NASEOH, which is a six-month long program covers lessons on savings, budgeting, banking, micro-finance and self-help groups (SHGs). Thirteen differently-abled students completed the course in December 2013.



FINANCIAL LITERACY FOR UNDER-PRIVILEGED

The financial literacy project for the under-privileged section of society (Fin-Lit) saw an increase in the number of students. On an average, the number of students increased by more than 100 percent every year. IIFL sponsored financial literacy books for the 442 students. Financial literacy was imparted in three batches through the year. Additionally, a course in basic English was also conducted for the students. Students were awarded certificates on completion of the course.

The key highlights of the project during the year, was the increase in the number of students, distribution of IIFL-FLAME books to all students, revision of financial literacy material to make it visually appealing and an interactive session of IIFL representatives with students of Adarsh Vidyalaya.



HEALTHCARE AND EMPLOYMENT EDUCATION

IIFL Foundation's program in Jawhar on financial education and career counselling for young adults was launched at the panchayat office by the lady sarpanch. She urged IIFL Foundation to extend our development work to include women as well.

Vocational Training is a four-month program. Tracking initiatives includes following up with them over a period of two years on parameters such as getting employment and continuing to stay employed over a period of time. A total of 120 schools have been identified from over 40 villages in Jawhar and Mokhada Talukas of Thane District. On an average, there are 80 children per school in standards VIII, IX and X. This ongoing initiative is set to benefit over 8000 children.



OTHER INITIATIVES

Engaging with the Warli community: IIFL Foundation is supporting Warli Art and has made a beginning by taking initiatives to help market some of the Warli products besides educating them on designing new products. IIFL aims to provide them with the last mile connectivity as selling their products remains the biggest challenge which they face.

Project Udaan Initiative: As part of Prime Ministers initiative for the youth of Jammu and Kashmir, IIFL was chosen to partner with National Skill Development Corporation to train youth from the region. Around 60 youths from Jammu and Kashmir are undergoing training at our premises under the initiative.

Blood donation camp: IIFL's blood donation drive took place in different offices. In Hyderabad alone, blood donation was made to the NTR Trust. Besides, the blood donation camps were conducted in IIFL premises across the country. Our employees continue to proactively donate blood at various camps held in and around our offices.

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About IIFL Group

The IIFL Group services more than 25 lakh clients and operates from over 2,700 business locations in cities and towns all over India. It has a consolidated network of about ₹ 2200 crores. IIFL Offerings: Consumer Finance, Retail Financial Products & Services, Wealth Management, Institutional Equities & Investment Banking.

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Statutory Section

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Tenth Annual Report of your Company with the Audited Financial Statements for the financial year ended March 31, 2014.

Consolidated Financial Results:

		(₹ in Million)
Particulars	2013-14	2012-13
Gross Total Income	19,704.0	17,372.0
Less: Expenditure	16,592.1	14,634.3
Profit /(Loss) Before Taxation	3,111.9	2,737.6
Less: Taxation - Current	1,207.2	1,042.2
- Deferred	(199.3)	(194.9)
- Short Provision of Tax for earlier year	-	3.1
Net Profit / (Loss) After Tax	2,104.0	1,887.2

Standalone Financial Results:

		(₹ in Million)
Particulars	2013-14	2012-13
Gross Total Income	18,653.3	16,940.1
Less: Expenditure	15,979.8	14,398.8
Profit /(Loss) Before Taxation	2,673.5	2,541.3
Less: Taxation - Current	1,051.7	985.2
- Deferred	(172.9)	(194.6)
- Short Provision of Tax for earlier year	-	3.1
Net Profit / (Loss) After Tax	1,794.6	1,747.5

Review of Business:

The NBFC and HFC sectors in India continue to grow at a healthy pace, notwithstanding India's macroeconomic downtrend and regulatory tightening. Your Company has focused on high growth and dispersed risk-retail lending. We have further increased our presence in promising segments, including home loans, loans against property, loans against securities, and gold loans, by utilizing the extensive branch network and reach across the country. The lending business has provided scale and diversified the risk across various customer segments, geographies, industries, and collaterals.

During the year, Your Company's loan book has grown to

₹108,898 mn from ₹93,750 mn in the previous year. Of the total loan portfolio, home loans and loan against property constituted 47%, gold loan 36%, capital market products 9%, and medical equipment 4%. Commercial vehicles constituted nearly 4% of the loan portfolio.

On a consolidated basis, the Company's income increased 13% to ₹19,704 mn and profit after tax increased 11% to ₹2,104 mn during the year.

The Company's ability to originate retail and wholesale assets against collateral of property, home loans and gold loan through its distribution network drove the growth in loan book

in the current year. Loans against the securities book tend to be more volatile, depending on the capital market sentiment.

A distinctive feature of the Company's loan book has been its consistent high quality. Despite substantial expansion of the loan portfolio, gross non-performing assets (NPAs) were contained at ₹939 mn as of 31 March 2014, constituting 0.86% of the total loan portfolio. Net NPAs remained at 0.33% of the total loan portfolio.

Public Issue of Debentures:

During the year under review, your Company successfully completed the Public Offering of Secured Redeemable Non-Convertible Debentures (NCDs) aggregating to ₹10,500 mn in September 2013. The issue received an overwhelming response from the public investors and was oversubscribed. These NCDs are listed and traded on the NSE and BSE. This was the largest mobilization by public issue of corporate bonds by any private sector company in India, in the past four years.

The Housing Finance subsidiary made its maiden Public Offering of Secured NCDs aggregating to ₹5,000 mn in December 2013, which was oversubscribed. The subsidiary also completed its first Public Offering of subordinate debt in the form of Unsecured NCDs for an aggregate size of ₹2,000 mn in March 2014 for which the allotment was done on April 3, 2014. As Tier II capital, this will further augment the company's capital adequacy.

Securitisation of Loan portfolio:

During the year under review, your Company securitised loan portfolio of more than ₹8,771 mn in compliance with the revised guidelines issued by RBI to NBFCs.

Dividend

During 2013-14, your Company declared and paid an interim dividend of ₹2.5 per equity share or 25% (face value of ₹10 each) in January 2014. The total outflow on account of dividend payout (including dividend distribution tax and surcharge) was

₹694 mn. The same is considered as final.

Transfer to Reserve:

During 2013-14, the Company transferred ₹365 mn (20% of net profit for the year) to Special Reserve as required under the provisions of Section 45 IC of The Reserve Bank of India Act, 1934.

Deposits:

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

Effective Risk Management and Internal Controls:

Risk Management

Management of risks is an integral part of your Company's business. Your Company has always remained cautious while taking risks, to ensure long-term sustainability of operations. Your Company has a robust and integrated risk management system to ensure that risks are properly identified, assessed, measured, aggregated, mitigated, monitored, and reviewed effectively.

Your Company has a Risk Management Committee in place comprising directors and senior officials of the Company. The Committee periodically reviews the management of various risk mitigation systems, processes, and controls. The Company has put in place separate policies and standard operating procedures for each segment of the lending business. All the loan proposals are routed through a stringent risk assessment process. A team of qualified and experienced personnel scrutinizes the proposals at various stages. During the assessment process, all relevant information from formal and informal channels is collected, to arrive at an appropriate decision. Further, credit proposals are considered and approved by the multi-level Credit and Investment Committees consisting of directors of the board and HODs. The proposals

are thoroughly examined and then approved. Your Company's internal policies are more conservative and stringent than the minimum regulatory requirement. Your Company also follows the best industry practices in risk management to reduce the possibility of losses. For portfolio risk management, various caps are stipulated, based on company's risk appetite. Your Company emphasizes on diversification of its portfolio to ensure mitigation of concentration risk in terms of a single borrower, group, industry, geography, or segment.

For managing operational risks, your Company emphasizes on well-defined and effective policies and procedures in alignment with your Company's business and needs. The company continuously monitors risks through rigorous audits, vigilance, and control systems. Checks and balances are in place and roles and accountability are clearly defined to mitigate operational risk. With its well-defined internal and external communication system, your Company ensures that prompt actions are taken to minimize losses whenever required. To minimize losses from information security risk, your Company focuses on upgradation of IT infrastructure in line with the best emerging practices.

Asset Liability Management

Your Company keeps a close watch on macro-economic developments including changes and their impact on movement in interest rates, foreign exchange rate, and the liquidity position in the market. Your Company has Asset Liability Management Committee (ALCO) and Board Level Supervisory Asset-Liability Committee in place, which periodically reviews SBR, borrowing mix, liquidity, funding, ALM position and currency risk. A well-diversified base of lenders and product mix, coupled with prudent lending practices, ensures that adequate funding is made available to your Company at all times. To ensure effective control and smooth operations of borrowing and investment activities, the company has board approved borrowing & investment policy framework as well as credit and investment committee administering the same.

Audit Committee

The company has in place duly constituted Audit committee chaired by Independent Director. The Audit Committee meets at least once on a quarterly basis. The scope of the Audit Committee is as under:

- (i) evaluation of internal financial controls and risk management systems;

- (ii) review of internal audit reports and the implementations
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (viii) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ix) monitoring the end use of funds raised through public offers and related matters.

The Board/ Audit Committee also reviews instances of frauds on a quarterly basis and implements the necessary systems and controls to strengthen the system and prevent such recurrence.

Internal Audit and Controls:

Your Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of the business and the size of your Company's operations. The Company continued a reputed global firm Ernst & Young as its Group Internal Auditor. The Company also has engaged a few specialized Audit firms to carry out specific / concurrent audit of some critical functions such as KYC process, branches audits, and loan documentations audits. The Company also has a team of internal audit professionals at the head office in Mumbai, supported by regional audit and vigilance teams at the zonal offices. The internal team undertakes special situation audits and follows up on implementation of Internal Auditors' recommendations. Besides this, the Company engages specialists/consultants to undertake certain focused areas such as credit audit, vigilance audits, and systems audit. The top management and Audit Committee reviews the auditors' reports and recommendations, rectifications, and implementations at regular intervals. The internal processes have been designed to ensure adequate checks and balances at every stage. The Company also has to comply with several specific audits that are required by regulatory authorities and the reports of which are submitted to the regulators periodically.



As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal audit department comprises highly qualified and experienced personnel and it reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

Corporate Governance:

The Company has fully complied with the Corporate Governance Guidelines for NBFCs issued by Reserve Bank of India vide circular No. DNBS (PD) CC No.342 / 03.10.001 / 2013-14 dated July 01, 2013. In accordance with the said Guidelines, the Company has put in place Corporate Governance Policy and constituted board level committees and other committees to ensure best corporate practices to protect the interests of all stakeholders. Your Company has complied with all the norms prescribed by the Reserve Bank of India (RBI) including the Fair practices code, Anti money laundering standards and Know Your Customer (KYC) systems and reporting process. The Company has Board approved policy on related party transactions which ensures that related party transactions are entered on arms length basis and in the normal course of business with due approval/ reporting process. The Board/ Audit committee reviews on quarterly basis, movement of NPAs/ provisions, securitization transactions, major legal cases, fraud, customer grievances status etc

Board of Directors

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises, and controls the activities of the Company. At present, the Board comprises of seven Directors viz. Mr. V.K. Chopra, Chairman and Independent Director, Mr. Nilesh Vikamsey, Independent Director, Mr. M.N. Singh, Independent Director, Mr. Nirmal Jain, Whole Time Director, Mr. R. Venkataraman Non-Executive Director, Mr. Sunil Kaul, Non-Executive Director and Mr. Mukesh Kumar Singh, Whole Time Director. Keeping in view the size and growth of the business and for beefing up management, the Board has appointed Mr. Nirmal Jain as the Whole Time Director of the Company and has recommended his appointment to the Shareholders at the ensuing Annual General Meeting.

The Details of various Committees of your Company are as

under:

Audit Committee:

As per the requirements of Section 292A of the Companies Act, 1956, as well as RBI's directions for NBFCs, the Company has constituted an Audit Committee comprising the following Directors:

- a) Mr. Nilesh Vikamsey (Chairman of the Audit Committee and Independent Director)
- b) Mr. M. N. Singh (Independent Director)
- c) Mr. Sunil Kaul (Non-Executive Director)

Assets and Liabilities Management Committee

- a) Mr. V K. Chopra (Independent Director)
- b) Mr. Sunil Kaul (Non- Executive Director)
- c) Mr. Nirmal Jain (Whole Time Director)
- d) Mr. Amit Mehendale, (Chief Financial Officer)

Risk Management Committee

- a) Mr. V K Chopra (Independent Director)
- b) Mr. Nilesh Vikamsey (Independent Director)
- c) Mr. Sunil Kaul (Non- Executive Director)
- d) Mr. Nirmal Jain (Whole Time Director)
- e) Mr. Amit Mehendale, (Chief Financial Officer)

Nomination Committee

- a) Mr. M. N. Singh (Independent Director)
- b) Mr. Nilesh Vikamsey (Independent Director)
- c) Mr. Nirmal Jain (Whole Time Director)
- d) Mr. R Venkataraman (Non-Executive Director)

All the above Committees regularly meet and review policies and status.

Regulatory Compliance:

The Company has complied with all the applicable guidelines/ circulars/ directions prescribed by RBI for NBFCs regarding accounting standards, prudential norms for asset classification, including income recognition and provisioning, capital adequacy, concentration of credit, credit rating and guidelines on Corporate Governance, product level guidelines, securitisation, and assignments. The company has in place a dedicated customer grievance redressal system. The status of redressal and status of implementation of the systems and process are reviewed by the Board/ Audit committee on a quarterly basis.

The Company has put in place a policy on Resource Planning and borrowing policy which are duly considered and approved by the Board in accordance with RBI's circulars. These policies are reviewed on a yearly basis keeping in view the annual plan of the company. Further the Company has in place other relevant policies such as DSA, Human Resources and outsourcing policy etc and the same are reviewed periodically. The Company has also duly implemented a series of measures prescribed by RBI on gold loans.

The Company is registered with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) as per RBI guidelines for having a central database for all mortgages created by lending institutions/ companies. The Company has been submitting data on a continuous basis.

Capital Adequacy:

Owing to increased leveraging, your Company had Capital to Risk Assets Ratio (CRAR) of 17.7% as on March 31, 2014, which was well above the minimum CRAR of 15% prescribed by the Reserve Bank of India.

Human Resources:

At IIFL, the Human Resource Development is considered vital for effective implementation of its business plans. The company makes continuous endeavors for imparting training to employees through in-house training and specified external training programmes such as training for gold loan valuers and training in regulatory compliance and customer services.

Directors:

In accordance with the provisions of 152 and other applicable provisions of the Companies Act, 2013 and rules made thereunder and in terms of applicable provisions of the Articles of Association of the Company, Mr. Sunil Kaul, Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.

Further, pursuant to provisions of Section 149 and applicable provisions of the Companies Act, 2013 and rules thereunder, Mr. V. K. Chopra, Mr. Nilesh Vikamsey, and M.N. Singh are being proposed to be appointed as Independent Directors of the Company at the ensuing Annual General meeting. Further, the Board has appointed Mr. Nirmal Jain as Whole Time Director of the company and has recommended the same at the ensuing Annual General Meeting.

All the Directors of the Company have confirmed that they are not disqualified for being appointed as Directors as per Section 274 (1) (g) of the Companies Act, 1956.

Directors' Responsibility Statement:

As required under the Section 217(2AA) of the Companies Act, 1956, your Directors declare and certify that:

- (a) in the preparation of the annual accounts, the applicable accounting standards, have been followed
- (b) the Board of Directors have selected the 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 of the company for that period.
- (c) the Board of Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and preventing and detecting fraud and other irregularities.
- (d) the Board of Directors have prepared the annual accounts on going-concern basis.

Auditors:

Messrs Sharp & Tannan Associates, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Certificate under Section 139 and 140 of the Companies Act, 2013 has been obtained from Messrs Sharp & Tannan Associates, to the effect that they are eligible to be appointed as the Statutory Auditors of the Company.

Your Board and Audit Committee recommend appointment of Messrs Sharp & Tannan Associates as the Statutory Auditors of the Company to hold office from this Annual General Meeting to the next Annual General Meeting.

Subsidiaries:

As on March 31, 2014, the Company has one subsidiary, namely India Infoline Housing Finance Limited.

Pursuant to the general exemption granted by the Ministry of Corporate Affairs vide circular dated February 8, 2011,



the Board of Directors had at their meeting held on May, 13, 2014 approved attaching the consolidated financials of the subsidiaries of the Company along with that of the Company. The copy of the Balance Sheet, Profit and Loss Account, and Report of the Board of Directors and Report of the Auditors of the subsidiary company is not attached to the accounts of the Company for financial year 2013-14. The Company will make available these documents/details on 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 subsidiary. As required by Accounting Standard - 21 (AS-21) issued by the Institute of Chartered Accountants of India, the Company's consolidated financial statements included in this Annual Report incorporates the accounts of its subsidiary. A summary of key financials of the Company's subsidiaries is also included in this Annual Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Disclosure of Information on Conservation of Energy, Technology Absorption etc., required to be disclosed in terms of Section 217 (l) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, has not been given, since your Company is engaged in financial services industry and has not carried on any manufacturing activity. The operations of the Company are not energy intensive. However, it is the policy of the management to keep itself abreast of technological developments in the field in which the Company is operating and use the most suitable technology.

The Company had no foreign exchange earnings and outgo during the year.

Particulars of Employees:

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all shareholders of the Company, excluding the aforesaid annexure. The annexure is available for inspection at the registered office of the Company. Any shareholder interested in the said information may write to the Company Secretary at the registered office of the Company.

Acknowledgements:

Your Directors take this opportunity to thank the Reserve Bank of India, MCA, Banks and Financial Institutions and other stakeholders for their continued support and assistance during the period under review. Your Directors would also like to thank the employees for their dedication to the Company.

For and on behalf of the Board

V K Chopra
Non Executive Chairman

Place: Mumbai
Dated: May 13, 2014

Financial Section



Independent Auditor's Report

To the Members of
India Infoline Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of India Infoline Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2014, and the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the central government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13 September 2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - (e) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the board of directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.109983W
by the hand of

Parthiv S. Desai
Partner

Place: Mumbai
Date : May 13, 2014

Membership No. 042624

Annexure to the Auditor's Report

The Annexure referred to in of our report dated, to the members of India Infoline Finance Limited ("the Company") for the year ended 31 March 2014. We report that:

1. (a) The Company has maintained adequate records to show full particulars, including quantitative details and situation of the fixed assets. However updation for the current year transactions and reconciliation with individual location record has been in progress.
- (b) The Company has formulated a programme of physical verification of its fixed assets in a phased manner. In accordance with this program, a physical verification of certain fixed assets has been carried out by management during the year. The assets physically verified and book balances were under reconciliation, which in view of the management is not expected to be material in nature. In our opinion, the periodicity of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
2. The Company is not carrying on any manufacturing or trading activity. Therefore, the provisions of sub clause (a), (b) and (c) of clause (ii) of paragraph 4 of the Order are not applicable to the Company.
3. (a) The Company has granted loan to four Companies covered under register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹739,05,93,845/- and the year end balance of the loan granted to such Company was ₹ NIL.
- (b) The rate of Interest on loan given is, in our opinion, not prima facie prejudicial to the interest of the Company. There are no other terms and conditions prescribed.
- (c) There are no stipulations as to repayment of principal and interest amount.
- (d) There is no overdue amount in excess of ₹1 Lakh in respect of loan granted to Company listed in the register maintained under Section 301 of the Companies Act, 1956, since repayment schedule is not stipulated.
- (e) The Company has taken loan from two Companies covered in the register maintained under Section 301 of the Companies Act, 1956. The Maximum amount involved during the year was ₹160,00,00,000/- and the year-end balance of the loan taken was NIL.
- (f) The rate of Interest on loan taken is, in our opinion, not prima facie prejudicial to the interest of the Company. There are no other terms and conditions prescribed.
- (g) There are no stipulations as to repayment of principal and interest amounts.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control

systems commensurate with the size of the Company and nature of its business, for the purchase of fixed assets and sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into a Register in pursuance of Section 301 of the Companies Act, 1956 and those brought to our notice, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are not comparable since the prevailing market prices of such services, in view of the management, are not readily available.
6. The Company has not accepted any deposits from the public of the nature which attracts the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under. Therefore, the provision of clause (vi) of paragraph 4 of the Order is not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. As per the information and explanations given to us, in respect of the class of industry the Company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies act, 1956. Therefore, the provision of clause (viii) of paragraph 4 of the Order is not applicable to the Company.
9. (a) According to the information and explanations given to us, and as per the records of the Company, in our opinion the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues with the appropriate authorities, where applicable. Based on the information furnished to us, there are no undisputed statutory dues as on 31st March 2014, which are outstanding for a period exceeding six months from the date they became payable, except for profession tax amounting to ₹1,98,853/- and Labour Welfare Fund amounting to ₹3,09,156/-, which have remained outstanding for a period exceeding six months



- (b) According to the information and explanations given to us, and as per the records of the Company examined by us, there are no cases of non-deposit with the appropriate authorities of disputed dues of sales tax / income tax / customs tax / wealth tax / service tax / excise duty and cess as at 31st March, 2014 which have been not deposited on account of dispute pending, and amount involve and the forum where disputes is pending as under :

Nature of the Status	Nature of the Disputed Dues	Amount of Tax (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of Expenses U/S 14(A) of IT Act	1,41,20,880/-	AY 2010-2011	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Disallowance of Expenses U/S 14(A) of IT Act	6,51,96,327/-	AY 2011-2012	Commissioner of Income Tax (Appeals)

10. At the end of the financial year, the company has neither accumulated losses nor has incurred cash loss during the financial year covered by our audit, and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of its dues to its financial institution, bank and debenture holders.
12. The Company has maintained adequate records in cases of loans and advances granted on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of sub clause (a), (b), (c) and (d) of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. Based on our examination of the records, evaluation of the related internal controls and records of the Company examined by us, the Company has maintained proper records of transactions and contracts in respect of its dealing or trading in shares, securities, debentures and other investments, as applicable, and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.
15. The Company has not granted any guarantee for loans taken by others from bank or financial institutions. Therefore, the provision of clause (xv) of paragraph 4 of the order's not applicable to the Company.
16. According to the records verified by us, and based on information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the companies Act, 1956.
19. During the period covered by our audit report, the Company has issued non-convertible debentures ("NCDs") aggregating to ₹12,66,21,00,000/- (Secured ₹10,50,00,00,000/-, 1,05,00,000 No. NCDs at face value of ₹1,000/- each, Secured ₹36,21,00,000/-, 3,621 No. NCDs at face value of ₹1,00,000/- each and Secured ₹1,70,00,00,000/-, 1,700 No. on NCDs at face value of ₹10,00,000/-each and Unsecured ₹10,00,00,000/-, 100 No. of NCDs at face value of ₹10,00,000/- each). The Company has created security in respect of Secured NCDs.
20. The Company has raised money by way of Public issue of Secured Redeemable Non-Convertible Debentures during the year amounting to ₹1050,00,00,000/- (1,05,00,000 Nos. NCDs at face value of ₹1,000/- each). The same has been utilized by the Company for the purpose and objectives mentioned in the prospectus filed with Regulators.
21. As disclosed in Note 33 to the financial statements and as informed by the management, we report that during the year, there have been certain instances of fraud on the Company by employees, customers where gold loan and commercial vehicles loans related misappropriations / cash embezzlements have occurred for amounts aggregating ₹2,81,17,000/- Out of the same ₹60,82,000/- has already been recovered. The Company has initiated various steps to recover the balance amount. We have neither come across any instance of fraud by the Company, noticed or reported during the year nor have we been informed of any such case.

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.109983W
by the hand of

Parthiv S. Desai
Partner

Place: Mumbai
Date : May 13, 2014

Membership No. 042624

Standalone Balance Sheet as at March 31, 2014

		₹ in Millions	
Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	2,371.5	2,371.5
(b) Reserve and Surplus	4	14,112.8	13,011.8
Sub-Total		16,484.3	15,383.3
(2) Non-Current Liabilities			
(a) Long-term borrowings	5	52,250.0	42,718.4
(b) Long-term provisions	6	272.7	228.0
Sub-Total		52,522.7	42,946.4
(3) Current Liabilities			
(a) Short-term borrowings	7	27,137.5	33,496.7
(b) Other current liabilities	8	–	–
- Current maturities of long term borrowings		16,608.2	14,000.2
- Others		3,809.7	3,483.7
(c) Short-term provisions	6	467.6	229.0
Sub-Total		48,023.0	51,209.6
TOTAL		117,030.0	109,539.3
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	959.0	963.9
(ii) Intangible assets	10	0.2	0.1
(iii) Capital work-in-progress		2.6	19.6
Sub-Total		961.8	983.6
(b) Non-current investments	11	5,825.4	5,198.5
(c) Deferred tax assets (Net)	12	482.8	310.0
(d) Long-term loans & advances	13	–	–
- Loans		30,663.8	28,336.8
- Others		191.7	583.0
(e) Other non-current assets	14	166.3	121.6
Sub-Total		37,330.0	34,549.9
(2) Current assets			
(a) Current investments	15	5,269.2	4,239.8
(b) Inventories	16	70.5	69.9
(c) Cash and Bank balances	17	5,663.5	8,539.8
(d) Short-term loans & advances	13	–	–
- Loans		62,255.3	55,950.0
- Others		4,578.9	4,172.4
(e) Other current assets	14	900.8	1,033.9
Sub-Total		78,738.2	74,005.8
TOTAL		117,030.0	109,539.3
See accompanying notes forming part of the financial statements	1-41		

As per our attached report of even date

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.109983W
By the hand of

For and on behalf of the Board of Directors
of India Infoline Finance Limited

Parthiv S. Desai
Partner
Membership No.: (F) 042624
Place : Mumbai
Dated: May 13, 2014

Nirmal Jain
Director

Mukesh Kumar Singh
Executive Director

Manish Mishra
Company Secretary



Standalone Statement of Profit and Loss for the year ended March 31, 2014

₹ in Millions

Particulars	Note No.	2013-2014	2012-2013
REVENUE			
Revenue from operations	18	17,577.3	16,145.2
Other Income	19	1,076.0	794.9
Total Revenue		18,653.3	16,940.1
EXPENSES			
Employee benefit expenses	20	1,625.9	1,774.0
Finance cost	21	10,702.6	8,616.6
Depreciation & amortisation expenses	22	387.2	339.9
Other expenses	23	2,889.2	3,349.2
Provisions & write off	24	374.9	319.1
Total Expenses		15,979.8	14,398.8
Profit / (Loss) before tax		2,673.5	2,541.3
Tax expenses :			
Current Tax		1,051.8	985.3
Deferred tax		(172.9)	(194.6)
Current tax expense relating to prior years		–	3.1
Total tax expense		878.9	793.8
Profit for the Year		1,794.6	1,747.5
Earnings Per Share:	25		
- Basic		7.57	7.37
- Diluted		7.57	7.23
Face Value Per Equity Share		10.0	10.0
See accompanying notes forming part of the financial statements	1-41		

As per our attached report of even date

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.109983W
By the hand of

For and on behalf of the Board of Directors
of India Infoline Finance Limited

Parthiv S. Desai
Partner
Membership No.: (F) 042624
Place : Mumbai
Dated: May 13, 2014

Nirmal Jain
Director

Mukesh Kumar Singh
Executive Director

Manish Mishra
Company Secretary

Standalone Cash Flow Statement for the year ended March 31, 2014

₹ in Millions

Particulars	2013-2014		2012-2013	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before taxation and extraordinary item		2,673.5		2,541.3
Adjustments for:				
Depreciation	387.2		339.9	
Provision for doubtful loans (Note : 24)	243.8		194.8	
Provision for standard loans (Note : 24)	43.5		48.8	
Provision for diminution in value of investments (Note : 24)	11.7		2.3	
Provision for contingencies (Note : 24)	43.4		55.7	
Gratuity & leave encashment	25.5	755.1	28.2	669.7
Operating profit before working capital changes		3,428.6		3,211.0
Increase / (Decrease) in short term provisions	(10.5)		(4.6)	
Increase / (Decrease) in other liabilities	421.5		182.5	
Decrease / (Increase) in trade inventories	(0.5)		35.1	
Decrease / (Increase) in long term loans & advances	(2,227.1)		(6,785.8)	
Decrease / (Increase) in short term loans & advances	(6,711.7)		(18,100.2)	
Decrease / (Increase) in other current assets	133.0		(379.4)	
Decrease / (Increase) in other non current assets	(44.7)	(8,440.0)	(9.7)	(25,062.1)
Cash generated from operations		(5,011.4)		(21,851.1)
Tax (Paid) / Refund		(918.3)		(923.4)
Net cash from operating activities (A)		(5,929.7)		(22,774.5)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets,including intangible assets, capital work-in-progress and capital advances#		(365.3)		(611.5)
Proceeds of non-current investments		–		(863.5)
Purchase of non-current investments		(626.8)		–
Purchase of current investments		(1,041.2)		(1,197.8)
(Purchase)/Sale of investments (Subsidiaries)		–		85.1
Net cash from investing activities (B)		(2,033.3)		(2,587.7)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend & dividend distribution tax paid		(693.6)		(689.1)
Proceeds from long term borrowings#		12,139.6		18,873.7
Proceeds from short term borrowings#		–		13,157.3
Repayment of short term borrowings#		(6,359.2)		–
Net cash from financing activities (C)		5,086.8		31,341.9
Net increase in cash and cash equivalents (A + B + C)		(2,876.3)		5,979.6
Opening cash and cash equivalents				
Cash on hand and balances with banks		8,539.8		2,560.2
Closing cash and cash equivalents				
Cash on hand and balances with banks		5,663.5		8,539.8

Represents net amount due to the transaction volume

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Previous year's figure are re-grouped /re-arrange wherever necessary.

As per our attached report of even date

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.109983W
By the hand of

For and on behalf of the Board of Directors
of India Infoline Finance Limited

Parthiv S. Desai
Partner
Membership No.: (F) 042624
Place : Mumbai
Dated: May 13, 2014

Nirmal Jain
Director

Mukesh Kumar Singh
Executive Director

Manish Mishra
Company Secretary



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 1. CORPORATE INFORMATION

The Company is a systemically important Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration on May 12, 2005, enabling the Company to carry on business as Non-Banking Financial Company. The Company offers broad suite of lending and other financial products such as mortgage loan, gold loan, loan against securities, commercial vehicle and health care finance to retail and corporate clients.

Note: 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve bank of India (RBI) as applicable to NBFC's. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Prudential norms:

The Company follows the Reserve Bank of India ("RBI") Directions in respect of "Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions, 2007) dated February 22, 2007, as amended from time to time in respect of income recognition, income from investments, accounting of investments, asset classification, provisioning and disclosures in the Balance Sheet, Accounting Standards (AS) as notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and Guidance Notes issued by The Institute of Chartered Accountants of India ("ICAI") are followed in so far as they are not inconsistent with the RBI Directions.

2.3 Use of estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known /materialised.

2.4 Fixed assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any, thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of schedule XIV of the Companies Act, 1956, whichever is higher. In case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset.

Depreciation is charged from the "month" in which new assets are "put to use". No depreciation is charged for the month in which assets are sold. Individual assets / group of similar assets costing upto ₹5,000/- has been depreciated in full, in the year of purchase.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings	20
Computers	3
Electrical & Office equipment	5
Furniture and fixtures	5
Vehicles	5
Software	3

2.5 Assignment of loan portfolio:

Derecognition of loans assigned, in the books of the Company, is based on the concept of surrender of control over the loans resulting in a "true sale" of loans. Future interest spread receivables in case of a par structure deals are recognised over the tenure of agreements as per guidelines issued by the RBI. Expenditure in respect of direct assignment is recognised upfront. Credit enhancement in the form of cash collateral provided by the Company is included under Cash and Bank balance / Loans and advances, as applicable.

2.6 Revenue recognition:

The Company complies, in all material respects, with the Accounting Standard -9 issued by the Institute of Chartered Accountants of India, Prudential Norms relating to income recognition, asset classification and the minimum provisioning for bad and doubtful debts and standard assets, specified in the directions issued by the RBI, as applicable to it, and

- Interest Income is recognised on the time proportionate basis as per agreed terms.
- Income recognised and remaining unrealised for ninety days or more for all the loans, except Gold loans for which interest is reversed after 180 days, are reversed and are accounted as income when these are actually realised.
- Dividend income is recognised when the right to receive payment is established.
- In respect of the other heads of income, the Company accounts the same on accrual basis.
- Processing fees received from customers is recognised as income on receipt basis.

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

2.7 Preliminary expenses:

Preliminary Expenses is written off in same financial year in which they are incurred.

2.8 Employee benefits:

The Company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & loss.

The Company has provided "Compensated Absences" on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognized in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

2.9 Provisions, Contingent liabilities and Contingent assets:

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Provision on Standard Assets is made as per notification no. DNBS.PD.CC.No.207/03.02.002/2010-2011 dated January 17, 2011 issued by RBI.

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets are neither recognized nor disclosed in the financial statements.

2.10 Taxes on income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier year. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. At each reporting date, the Company re-assesses unrecognized deferred tax assets. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

2.11 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19, issued by the Institute of Chartered Accountants of India.

2.12 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or market / fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management, such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the balance sheet date is considered as the fair value.

2.13 Inventories:

Closing stock is valued at cost or market value, whichever is lower. Cost is computed on FIFO basis.

2.14 Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Borrowings:

Borrowings are bifurcated under long term and short term liabilities. Commercial papers are recognised at Face value at the time of its issue. Any difference between the proceeds and the redemption value is recognised in profit & loss account over the period of the borrowings.

2.16 Debenture Issue Expenses:

Debenture issue expenses incurred on public issue of Non Convertible Debentures are amortized on weighted average tenure of the underlying debenture.

In case of private placement of Non Convertible Debentures the same is charged to the profit and loss account in the year in which they are incurred.



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 3. SHARE CAPITAL

₹ in Millions

Particulars	March 31, 2014	March 31, 2013
Authorised Share Capital		
300,000,000 Equity Shares (Previous Year 300,000,000) of ₹10 each	3,000.0	3,000.0
1,999,600 Equity Shares (Previous Year 1,999,600) of ₹100 each	200.0	200.0
150 Preference Shares (Previous Year 150) of ₹100 each	0.0	0.0
250 11% Non- Cumulative Redeemable Preference Shares (Previous Year 250) of ₹100 each	0.0	0.0
Total	3,200.0	3,200.0
Issued, Subscribed and Paid-up Share Capital:		
237,154,030 Equity Shares (Previous Year 237,154,030) of ₹10 each with voting rights	2,371.5	2,371.5
Total	2,371.5	2,371.5

(i) Reconciliation of the shares outstanding at the beginning and at the end of the year:

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the beginning of the year	237,154,030	2,371.5	237,154,030	2,371.5
Issued during the year	—	—	—	—
Less : Buy back of shares	—	—	—	—
Outstanding at the end of the year	237,154,030	2,371.5	237,154,030	2,371.5

(ii) Rights attached to Equity Shares:

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

During the year ended March 31, 2014, equity shareholders were paid interim dividend of ₹2.50/- per share (Previous Year ₹2.50/- per share).

(iii) Details of shareholders holding more than 5% equity shares in the company:

Name of the shareholder	March 31, 2014		March 31, 2013	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹10 each fully paid up				
IIFL Holdings Limited (Formerly known as India Infoline Limited)	234,467,549	98.87%	234,467,549	98.87%

(iv) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash or by way of bonus shares or shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2014 No. of Shares	March 31, 2013 No. of Shares	March 31, 2012 No. of Shares	March 31, 2011 No. of Shares	March 31, 2010 No. of Shares
Bonus Shares	—	—	—	213,438,627	—

(v) The stock options outstanding as on March 31, 2014 - Nil (P.Y – 4,455,000) under the employee stock options scheme 2007 stand surrendered/lapsed/cancelled during the year.

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 4. RESERVES AND SURPLUS

Particulars	₹ in Millions	
	March 31, 2014	March 31, 2013
Securities Premium Reserve		
Opening balance	8,657.5	8,657.5
Addition during the year	–	–
Deduction during the year	–	–
Closing balance	8,657.5	8,657.5
General Reserve		
Opening balance	263.0	83.00
Addition due to transfer during the year from surplus in the Statement of Profit and Loss	200.0	180.0
Closing balance	463.0	263.0
Special Reserve (Pursuant to Section 45-IC of Reserve Bank of India Act, 1934)		
Opening balance	1,050.0	700.0
Addition due to transfer during the year from surplus in the Statement of Profit and Loss	365.0	350.0
Closing balance	1,415.0	1,050.0
Debenture Redemption Reserve		
Opening balance	850.0	630.0
Addition during the year	1,040.0	220.0
Closing balance	1,890.0	850.0
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	2,191.3	1,882.9
Addition: Profit / (Loss) for the year	1,794.6	1,747.5
Less: Appropriations		
Interim dividend paid	(592.9)	(592.9)
Dividend distribution tax on interim dividend	(100.7)	(96.2)
Transfer to special reserve as per section 45-IC of the RBI Act, 1934	(365.0)	(350.0)
Transfer to general reserve	(200.0)	(180.0)
Transfer to debenture redemption reserve	(1,040.0)	(220.0)
Closing balance	1,687.3	2,191.3
Total	14,112.8	13,011.8

Note: 5. LONG TERM BORROWINGS

Particulars	₹ in Millions			
	Non-Current		Current Maturities	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Secured				
Term Loan from Banks (Refer Note -5.1)	28,941.3	26,241.4	12,522.0	13,021.6
Non Convertible Debentures (Refer Note -5.2)	16,487.8	9,506.1	4,086.2	978.6
Sub-Total	45,429.1	35,747.5	16,608.2	14,000.2
Unsecured				
Non Convertible Debentures (Refer Note -5.3)	6,820.9	6,970.9	–	–
Amount disclosed under the head				
“Other Current Liabilities” (Refer Note -8)	–	–	(16,608.2)	(14,000.2)
Sub-Total	6,820.9	6,970.9	(16,608.2)	(14,000.2)
Total	52,250.0	42,718.4	–	–

During the year, the Company has raised secured term loans aggregating ₹16,800.0 mn (Previous Year ₹18,250.0 mn) from various Banks. The Company has also raised ₹12,662.1 mn (Previous Year ₹2,117.1 mn) by issue of secured and unsecured non convertible debentures.



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5.1. TERM LOANS FROM BANKS - SECURED:

₹ in Millions

Maturities	Non current					
	As at March 31, 2014			As at March 31, 2013		
	1-3 years	3 years & above	Total	1-3 years	3 years & above	Total
Rate of interest *						
11.01 % to 12.00 %	16,531.4	5,748.7	22,280.1	11,882.3	3,948.4	15,830.7
12.01 % to 13.00 %	5,088.9	1,572.3	6,661.2	6,949.2	3,461.4	10,410.7
Total	21,620.3	7,321.0	28,941.3	18,831.5	7,409.8	26,241.4

*The rate of interest for the above term loans is linked to the base rates of the banks and are subject to change from time to time. The above categorisation of loans has been based on the interest rates, prevalent as on the respective reporting dates.

The above term loans are secured by way of first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged. Out of the total loans from Banks, loans amounting to ₹39,613.3 mn are also guaranteed by holding Company IIFL Holdings Limited (Formerly known as India Infoline Limited).

IL&FS Trust Company Ltd ("ITCL") acts as a Security Trustee for all bank borrowings. The security trustee is responsible for ensuring that the security cover as required for the individual term loans / cash credit / working capital demand loans facilities are being maintained during the tenure of each of the loans.

Note: 5.2. NON CONVERTIBLE DEBENTURES – SECURED:

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
11.00% Redeemable Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 06 -Mar-2019 at par	100.0	–	–	–
12.00% Non convertible Debenture of Face value ₹1,000 Each redeemable on 30-Sep-2018 at par	278.6	–	–	–
12.00% Non convertible Debenture of Face value ₹1,000 Each redeemable on 30-Sep-2018 at par	2,810.7	–	–	–
10.55% Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 11-Jun-2018 at par	100.0	–	–	–
10.00% Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 24-May-2018 at par	100.0	–	–	–
11.85% Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 29-April-2017 at par	1,050.0	–	–	–
11.50 % Non-Convertible Debentures of Face value ₹10,000 Each Redeemable on 02-Mar-2017 at par	–	300.0	–	–
Equity Linked Non Convertible Debentures Series 37 of Face Value ₹100,000 Each redeemable on 21-Nov-2016 at a price dependent on the value of the Index	56.5	–	–	–
Zero Coupon Secured Redeemable Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 17-Nov-2016 at premium	350.0	–	–	–
Equity Linked Non Convertible Debentures Series 36 of Face Value ₹100,000 Each redeemable on 14-Nov-2016 at a price dependent on the value of the Index	104.8	–	–	–
Equity Linked Non Convertible Debentures Series 35 of Face Value ₹100,000 Each redeemable on 02-Nov-2016 at a price dependent on the value of the Index	74.1	–	–	–
Equity Linked Non Convertible Debentures Series 34 of Face Value ₹100,000 Each redeemable on 25-Oct-2016 at a price dependent on the value of the Index	30.5	–	–	–
Equity Linked Non Convertible Debentures Series 33 of Face Value ₹100,000 Each redeemable on 24-Oct-2016 at a price dependent on the value of the Index	96.2	–	–	–

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5.2. NON CONVERTIBLE DEBENTURES – SECURED (contd...)

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
12.00% Non convertible Debenture of Face value ₹1,000 Each redeemable on 29-Sep-2016 at par	864.2	–	–	–
12.00% Non convertible Debenture of Face value ₹1,000 Each redeemable on 29-Sep-2016 at par	6,089.2	–	–	–
Equity Linked Non Convertible Debentures - Series I 32 of Face value ₹100,000 Each Redeemable on 03-Sep-2016 at a price dependent on the value of the Index	59.0	59.0	–	–
Equity Linked Non Convertible Debentures - Series I 31 Face value ₹100,000 Each Redeemable on 02-Sep-2016 at a price dependent on the value of the Index	13.0	13.0	–	–
11.70 % Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Aug-2016 at par	200.7	201.0	–	–
11.90 % Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Aug-2016 at par	2,499.8	2,665.9	–	–
Equity Linked Non Convertible Debentures - Series I 30 of Face value ₹100,000 Each Redeemable on 15-Aug-2016 at a price dependent on the value of the Index	35.0	35.0	–	–
Equity Linked Non Convertible Debentures - Series I 29 of Face value ₹100,000 Each Redeemable on 10-Aug-2016 at a price dependent on the value of the Index	52.7	52.7	–	–
Equity Linked Non Convertible Debentures - Series I 28 of Face value ₹100,000 Each Redeemable on 01-Aug-2016 at a price dependent on the value of the Index	26.7	26.7	–	–
Equity Linked Non Convertible Debentures - Series I 27 of Face value ₹100,000 Each Redeemable on 25-Jul-2016 at a price dependent on the value of the Index	85.2	85.2	–	–
Equity Linked Non Convertible Debentures - Series I 26 of Face value ₹100,000 Each Redeemable on 18-Jul-2016 at a price dependent on the value of the Index	148.4	148.4	–	–
Equity Linked Non Convertible Debentures - Series I 25 of Face value ₹100,000 Each Redeemable on 07-Jul-2016 at a price dependent on the value of the Index	144.5	155.5	–	–
Equity Linked Non Convertible Debentures - Series I 24 of Face value ₹100,000 Each Redeemable on 04-Jul-2016 at a price dependent on the value of the Index	388.9	439.0	–	–
Equity Linked Non Convertible Debentures - Series I 23 of Face value ₹100,000 Each Redeemable on 01-Jul-2016 at a price dependent on the value of the Index	28.5	28.5	–	–
Equity Linked Non Convertible Debentures - Series I 22 of Face value ₹100,000 Each Redeemable on 27-Jun-2016 at a price dependent on the value of the Index	175.0	216.5	–	–
Equity Linked Non Convertible Debentures - Series I 21 of Face value ₹100,000 Each Redeemable on 21-Jun-2016 at a price dependent on the value of the Index	86.4	88.9	–	–
Equity Linked Non Convertible Debentures - Series I 20 of Face value ₹100,000 Each Redeemable on 18-Jun-2016 at a price dependent on the value of the Index	289.2	318.7	–	–
11.70% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 27-Jul-2015 at par	150.0	150.0	–	–
11.50 % Non-Convertible Debentures of Face value ₹10,000 Each Redeemable on 29-Jan-2015 at premium	–	225.0	225.0	–
11.70 % Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 17-Dec-2014 at premium	–	299.7	285.2	–



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5.2. NON CONVERTIBLE DEBENTURES – SECURED (contd...)

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Equity Linked Non-Convertible Debentures Series I-019 of Face value ₹100,000 Each Redeemable on 18-Oct-2014 at a price dependent on the value of the Index	–	41.0	41.0	–
Equity Linked Non-Convertible Debentures Series I-018 of Face value ₹100,000 Each Redeemable on 18-Oct-2014 at a price dependent on the value of the Index	–	77.5	77.5	–
12.25% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 15-Oct-2014 at par	–	300.0	300.0	–
Equity Linked Non-Convertible Debentures Series I-015 of Face value ₹100,000 Each Redeemable on 13-Oct-2014 at a price dependent on the value of the Index	–	15.4	15.4	–
Equity Linked Non-Convertible Debentures Series I-014 of Face value ₹100,000 Each Redeemable on 13-Oct-14 at a price dependent on the value of the Index	–	32.0	27.0	–
Equity Linked Non-Convertible Debentures Series I-016 of Face value ₹100,000 Each Redeemable on 13-Oct-2014 at a price dependent on the value of the Index	–	38.5	38.5	–
11.70 % Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Aug-2014 at par	–	3,417.4	3,001.1	–
Equity Linked Non-Convertible Debentures Series I-017 of Face value ₹100,000 Each Redeemable on 13-May-2014 at a price dependent on the value of the Index	–	75.5	75.5	–
Equity Linked Non-Convertible Debentures Series I-012 of Face value ₹100,000 Each Redeemable on 29-Jul-2013 at a price dependent on the value of the Index	–	–	–	51.5
Equity Linked Non-Convertible Debentures Series I-003 of Face value ₹100,000 Each Redeemable on 09-May-2013 at a price dependent on the value of the Index	–	–	–	30.0
Equity Linked Non-Convertible Debentures Series I-001 of Face value ₹100,000 Each Redeemable on 05-May-2013 at a price dependent on the value of the Index	–	–	–	37.1
Equity Linked Non-Convertible Debentures Series I-002 of Face value ₹100,000 Each Redeemable on 05-May-2013 at a price dependent on the value of the Index	–	–	–	35.0
Equity Linked Non-Convertible Debentures Series I-006 of Face value ₹100,000 Each Redeemable on 29-Apr-2013 at a price dependent on the value of the Index	–	–	–	11.0
8.00 % Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 20-Apr-2013 at par	–	–	–	734.0
12.20 % Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 16-Apr-2013 at par	–	–	–	80.0
Total	16,487.8	9,506.1	4,086.2	978.6

The above debentures are secured by way of registered mortgage and/or charge over Immovable property and/or current assets, book debts, receivables (both present and future) and other assets of the Company. Debentures outstanding as on March 31, 2014, amounting to ₹ Nil (Previous year ₹734.0 mn) are secured by way of exclusive charge on certain receivables of the Company.

During the year, the Company successfully completed the public offering of Secured Redeemable Non-Convertible Debentures ("NCDs") aggregating to ₹10,500.0 mn (the "Issue"). These NCDs are listed and traded on the National Stock Exchange of India Limited and BSE Limited. The Company has utilized the entire proceeds of NCD public issue for the stated purposes mentioned in the final prospectus dated September 05, 2013.

Pursuant to Section 117C of the Companies Act, 1956 read with circular issued by the Ministry of Corporate Affairs ("MCA") the Company being an NBFC was required to create debenture redemption reserve of a value equivalent to 25% of the debentures offered through a public issue. Accordingly, ₹1,040.0 mn (Previous year ₹220.0 mn) has been transferred to debenture redemption reserve account for the financial year ended March 31, 2014.

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5.3. NON CONVERTIBLE DEBENTURES – UNSECURED:

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
12.10% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 24-May-2023 at par	100.0	–	–	–
12.20% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 04-Nov-2022 at par	230.0	230.0	–	–
12.15% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 31-Aug-2022 at par	50.0	50.0	–	–
12.15% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 31-Aug-2022 at par	150.0	150.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2019 (SBMIB VI – 7 years) at par	0.1	0.1	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2019 (SBMIB VII – 7 years) at par	0.4	0.4	–	–
12.00 % Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 28-Mar-2019 at par *	–	250.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 02-Mar-2019 (SBMIB V – 7 years) at par	0.9	0.9	–	–
12.00 % Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 27-Feb-2019 at par *	750.0	750.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 23-Feb-2019 (SBMIB IV – 7 years) at par	0.5	0.5	–	–
11.50% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 20-Feb-2019 at premium *	500.0	500.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2019 (SBMIB II – 7 years) at par	0.0	0.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2019 (SBMIB III – 7 years) at par	0.3	0.3	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Jan-2019 (SBMIB I – 7 years) at par	1.2	1.2	–	–
12.75% Non-Convertible Debentures series N7 of Face value ₹1,000 Each Redeemable on 17-Sep-2018 at premium	451.1	451.1	–	–
12.75% Non-Convertible Debentures series N6 of Face value ₹1,000 Each Redeemable on 17-Sep-2018 at par	600.4	600.4	–	–
12.75% Non-Convertible Debentures series N5 of Face value ₹1,000 Each Redeemable on 17-Sep-2018 at par	3,948.5	3,948.5	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 04-Apr-2018 (SBDB VI – 6 years) at premium	1.8	1.8	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2018 (SBDB IV – 6 years) at premium	1.4	1.4	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2018 (SBDB V – 6 years) at premium	1.8	1.8	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 01-Mar-2018 (SBDB III – 6 years) at premium	2.4	2.4	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2018 (SBDB II – 6 years) at premium	2.5	2.5	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 23-Jan-2018 (SBDB I – 6 years) at premium	3.8	3.8	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2017 (SBMIB VII – 5 years) at par	2.3	2.3	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2017 (SBMIB VI – 5 years) at par	3.2	3.2	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 02-Mar-2017 (SBMIB V – 5 years) at par	3.1	3.1	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 23-Feb-2017 (SBMIB IV – 5 years) at par	3.8	3.8	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2017 (SBMIB II – 5 years) at par	3.3	3.3	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2017 (SBMIB III – 5 years) at par	4.8	4.8	–	–



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5.3. NON CONVERTIBLE DEBENTURES – UNSECURED (contd...)

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Jan-2017 (SBMIB I – 5 years) at par	4.3	4.3	–	–
Total	6,820.9	6,970.9	–	–

*For these non convertible debentures, the company has a call option, after 5 years from the date of allotment subject to prior approval from the Reserve Bank of India for redemption. These non convertible debentures do not have any put option.

Note: 6. PROVISIONS

₹ in Millions

Particulars	Current		Non-Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Provision for Employee Benefits				
Provision for leave encashment	5.7	5.2	18.9	17.7
Provision for gratuity (Refer Note -20)	38.6	25.3	–	–
Provision – Others				
Provision for standard assets	–	–	253.8	210.3
Provision for expenses	337.4	198.5	–	–
Provision for tax (Net of Advance Tax & Tax Deducted at Source ₹3,415.5)	85.9	–	–	–
Total	467.6	229.0	272.7	228.0

Note: 7. SHORT-TERM BORROWINGS

₹ in Millions

Particulars	March 31, 2014	March 31, 2013
Secured		
Cash credit from banks	3,777.5	2,501.7
Sub-Total	3,777.5	2,501.7
Unsecured		
Commercial papers & Inter corporate loan	23,360.0	30,995.0
Sub-Total	23,360.0	30,995.0
Total	27,137.5	33,496.7

The above secured borrowings are secured by way of first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged. Out of the above secured borrowings, ₹3,747.5 mn are also guaranteed by holding Company IIFL Holdings Limited (Formerly known as India Infoline Limited).

Note: 8. OTHER CURRENT LIABILITIES

₹ in Millions

Particulars	March 31, 2014	March 31, 2013
Current maturities of long term borrowings (Refer Note -5)	16,608.2	14,000.2
Sub-Total	16,608.2	14,000.2
Others		
Payable to group company (Refer Note -35)	2.9	–
Interest accrued but not due on borrowings	2,004.1	1,403.8
Payables on account of assignments / securitization transactions	287.3	374.5
Temporary overdrawn bank balance	–	35.1
Advances from customers	500.4	456.2
Payables to vendors for health care loans	602.8	800.7
Contractually reimbursable expenses	100.0	28.2
Income received in advance	70.2	38.3
Statutory Remittances	40.4	106.3
Employees salary & benefit payable	176.6	205.3
Other payables	25.0	35.3
Sub-Total	3,809.7	3,483.7
Total	20,417.9	17,483.9

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 9. TANGIBLE ASSETS

₹ in Millions

Particulars	Computer	Electrical Equipment	Furniture And Fixture	Office Equipment	Premises	Total
Cost or valuation as at April 01, 2013	133.2	321.0	712.2	312.1	0.1	1,478.6
Additions	1.7	20.3	66.2	34.5	283.5	406.2
Deductions/Adjustments during the year	1.1	7.1	34.1	5.6	–	47.9
As at March 31, 2014	133.8	334.2	744.3	341.0	283.6	1,836.9
Depreciation						
Upto April 01, 2013	68.0	97.6	252.5	96.5	0.1	514.7
Depreciation	41.1	83.0	175.0	76.0	11.8	387.0
Deductions/Adjustments during the year	0.9	3.6	15.8	3.4	–	23.8
Upto March 31, 2014	108.2	177.0	411.7	169.1	11.9	877.9
Net Block as at March 31, 2014	25.6	157.2	332.5	171.9	271.8	959.0
Net Block as at March 31, 2013	65.2	223.4	459.6	215.6	0.1	963.9

Note: 10. INTANGIBLE ASSETS

₹ in Millions

Particulars	Amount
Software/Intangible assets	
Cost or valuation as at April 01, 2013	5.9
Additions	0.3
Deductions / Adjustments during the year	–
As at March 31, 2014	6.2
Amortisation	
As at April 1, 2013	5.8
Amortisation for the year	0.2
Deductions / Adjustments during the year	–
Up to March 31, 2014	6.0
Net Block as at March 31, 2014	0.2
Net Block as at March 31, 2013	0.1

Note: 11. NON – CURRENT INVESTMENTS

₹ in Millions

Particulars	Face Value	As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
Unquoted, Non-Trade, Long Term (Valued at Cost)					
Investment in Wholly Owned Subsidiary					
Equity Shares					
India Infoline Housing Finance Ltd. (Fully Paid Up)	10	10,900,000	1,005.0	10,900,000	1,005.0
Preference Shares:					
India Infoline Housing Finance Ltd. - 10% (Fully Paid Up)	10	20,000,000	300.0	20,000,000	300.0
India Infoline Housing Finance Ltd. - 6% (Fully Paid Up)	10	135,000,000	1,350.0	–	–
Sub-Total (A)			2,655.0		1,305.0
Investment in Equity Shares:					
Arch Pharmed Labs Ltd.	10	–	–	263,028	105.2
Sub-Total (B)			–		105.2
Investment in Non Convertible Debentures					
Add Albatross Properties Pvt Ltd	100,000	–	–	1,250	124.8
Add Albatross Properties Pvt Ltd.- (Series B)	100,000	–	–	1,250	125.0
Arch Agro Industries Ltd.	10,000	13,073	130.7	–	–
Assotech Ltd.	100,000	4,160	416.0	–	–
Galleria Developers Pvt Ltd- (Series C)	100,000	–	–	1,300	130.0
K.R.Mali Builder & Developers Pvt. Ltd.	100,000	–	–	1,000	99.7
Neptune Developers Ltd	100,000	800	80.0	1,200	120.0
Pratibha Impex Pvt. Ltd.	100,000	100	10.3	–	–



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 11. NON – CURRENT INVESTMENTS (contd...)

₹ in Millions

Particulars	Face Value	As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
Investment in Non Convertible Debentures :					
Roseberry Developers Pvt. Ltd.	100,000	3,200	320.0	–	–
Roseberry Developers Pvt. Ltd.- (Series B)	100,000	4,500	450.0	–	–
Ruchi Priya Developers Pvt. Ltd.	100,000	6,000	600.0	–	–
Sankalp Siddhi Developers Pvt Ltd	100,000	3,011	301.1	7,600	760.0
Shambhavi Realty Pvt Ltd	100,000	6,074	607.4	8,114	811.4
Shanders Properties Pvt. Ltd.	100,000	–	–	3,500	350.0
Sheth Buildwell Pvt Ltd	100,000	51	5.1	51	5.1
Sumit Realty Pvt. Ltd.	100,000	1,050	105.0	3,675	367.5
Sutlej Housing Pvt. Ltd.	100,000	1,000	100.0	–	–
Transcon Properties Pvt Ltd	100,000	–	–	8,500	850.0
Sub-Total (C)			3,125.6		3,743.5
Investment in Market Linked Debenture					
Reliance Capital Ltd. *	100,000	448	44.8	448	44.8
Sub-Total (D)			44.8		44.8
Grand Total (A+B+C+D)			5,825.4		5,198.5

*Held to cover possible payout in respect of certain structured products issued by the Company.

Note: 12. DEFERRED TAX ASSETS

The Company recognized deferred tax assets since the management is reasonably/virtually certain of its profitable operations in future. As per Accounting Standard 22 'Accounting for Taxes on Income', the timing differences mainly relates to following items and result in a net deferred tax asset:

₹ in Millions

Sr. No.	Particulars	March 31, 2014	March 31, 2013
a.	On Provision for doubtful debts	234.2	131.2
b.	On Provision for standard assets	86.3	68.2
c.	On Depreciation	149.2	80.9
d.	On Gratuity	13.1	8.2
e.	On Short term capital loss	–	21.5
Total		482.8	310.0

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 13. LOANS & ADVANCES

₹ in Millions

Particulars	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Loans & Advances				
- Secured, Considered Good	30,334.3	28,237.6	62,292.8	55,895.4
- Secured, Considered Doubtful	449.6	148.6	385.7	291.7
- Unsecured, Considered Good	–	5.4	–	7.5
Less : Provision for Doubtful Loans	(120.1)	(54.8)	(423.2)	(244.6)
Sub-Total	30,663.8	28,336.8	62,255.3	55,950.0
Others loans & advances				
Dues from customers				
- Secured, Considered Good	–	–	4,285.6	4,155.7
- Secured, Considered Doubtful	–	–	20.5	9.5
- Unsecured, Considered Good	–	–	17.8	7.2
Deposits Given	179.5	211.7	200.0	–
Deposit with Exchanges	–	25.0	55.0	–
Capital Advances				
- Secured	–	282.2	–	–
- Unsecured	12.2	16.6	–	–
Advance Income Tax (P.Y. Net of Provision ₹2,449.7)	–	47.5	–	–
Sub-Total	191.7	583.0	4,578.9	4,172.4
Total	30,855.5	28,919.8	66,834.2	60,122.4

Note: 14. OTHER ASSETS

₹ in Millions

Particulars	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Unamortized debenture Issue expenses	166.3	121.6	86.7	72.6
Prepaid expenses	–	–	430.6	788.6
Service tax input credit receivable	–	–	39.7	63.5
Staff loans	–	–	0.6	0.6
Others	–	–	343.2	108.6
Total	166.3	121.6	900.8	1,033.9

Note: 15. CURRENT INVESTMENTS (Valued at Cost or Market Value whichever is lower unless stated otherwise)

₹ in Millions

Particulars	Face Value	As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
Quoted, Trade, Current (Valued at Cost)					
Bonds:					
8.10% HUDCO -2022	1,000	2,000	1.9	–	–
8.41% IIFCL -2024	1,000	15,000	15.2	–	–
8.48% IIFCL -2028	1,000,000	21	21.7	–	–
8.48% IRFC -2028	1,000,000	50	51.4	–	–
8.50% NHAI -2029	1,000	15,000	15.0	–	–
8.63% NHB -2029	5,000	7,524	38.3	–	–
8.41% NTPC -2023	1,000	8,422	8.6	–	–
8.67% PFC -2023	1,000	44,000	45.2	–	–
Sub-Total (A)			197.3		–
Government Securities:					
8.15% Government Security – 2022	–	–	–	6,000,000	600.0
7.16% Government Security – 2023	100	5,000,000	450.5	–	–
Less: Provision for diminution in the value of investment (Refer Note – 24)			(11.7)	–	–
Sub-Total (B)			438.8		600.0
Mutual Funds:					
HDFC FMP SR 30	10	42,300,000	423.0	–	–
HDFC FMP SR 27	10	5,097,100	52.8	–	–
Pramerica Fixed Duration Fund SR 5	1,000	40,000	43.8	–	–
Sub-Total (C)			519.6		–
Total Quoted Investment (A+B+C) {I}			1,155.7		600.0



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 15. CURRENT INVESTMENTS (contd...)

₹ in Millions

Particulars	Face Value	As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
Unquoted, Non- Trade, Current					
Mutual Funds:					
Axis Mutual Fund	1,000	–	–	385,045	500.0
Canara Robeco Mutual Fund	1,000	–	–	105,271	150.0
DSP Black Rock Mutual Fund	1,000	–	–	29,815	50.0
DWS Ultra Short Term Fund (*)	10	46,634,954	700.0	–	–
ICICI Prudential Mutual Fund	100	–	–	2,885,519	500.0
IIFL Short Term Income Fund	10	1,000,000	10.0	–	–
JM High Liquidity	10	–	–	7,825,705	250.0
Principal Mutual Fund	1,000	–	–	43,890	50.0
Union KBC Mutual Fund	1,000	–	–	42,599	50.0
Sub-Total (D)			710.0		1,550.0
Non Convertible Debentures:					
Add Albatross Properties Pvt. Ltd.	100,000	–	–	1,250	125.0
Add Albatross Properties Pvt. Ltd.-(Series B)	100,000	–	–	250	25.0
Assotech Ltd.	100,000	1,040	104.0	–	–
Ankur Energy Resources Pvt. Ltd.	100,000	–	–	–	0.0
Galleria Mall Developers Pvt. Ltd.	100,000	3,378	337.8	7,101	682.3
Galleria Mall Developers Pvt. Ltd.-(Series C)	100,000	2,285	228.6	600	60.0
K.R.Mali Builder & Developers Pvt. Ltd.	100,000	–	–	2,000	200.0
Neptune Developers Ltd.	100,000	800	80.0	800	80.0
Pratibha Impex Pvt. Ltd.	100,000	307	30.7	–	–
Roseberry Developers Pvt. Ltd.-(Series B)	100,000	500	50.0	–	–
Roseberry Developers Pvt. Ltd.	100,000	800	80.0	–	–
Sankalp Siddhi Developers Pvt. Ltd.	100,000	3,157	315.8	1,900	190.0
Satra Properties (India) Ltd.	100,000	–	–	5,164	516.4
Sheth Developers Pvt. Ltd.	–	–	–	–	0.7
Sumit Realty Pvt. Ltd.	100,000	3,150	315.0	525	52.5
Vijay Associates (Wadhwa) Construction Pvt. Ltd.	53,360	–	–	5,331	47.8
Wadhwa Constructions and Infrastructures Pvt. Ltd.	100,000	5,000	500.0	–	–
Wadhwa Group Holdings Pvt. Ltd.	100,000	11,500	1,150.0	–	–
Sub-Total (E)			3,191.9		1,979.7
Other					
Secured Redeemable-Option I:11.7% p.a.		–	–	–	110.0
Secured Redeemable- Option III – Reserved & Unreserved: 11.90% p.a.(**)		–	–	–	0.1
Sub-Total (F)			–		110.1
Unquoted, Trade, Current					
Mutual Funds:					
JP Morgan Mutual Fund	10	9,307,871	97.8	–	–
IIFL Income Opportunities Fund	10	8,530,293	85.6	–	–
Sub-Total (G)			183.4		–
Preference Shares:					
16.06% -IL & FS Ltd.	7,500	2,256	28.2	–	–
Sub-Total (H)			28.2		–
Total Unquoted Investment (D+E+F+G+H) {II}			4,113.5		3,639.8
Grand Total {I+II}			5,269.2		4,239.8
Aggregate cost of quoted mutual fund units			519.6		–
NAV of quoted mutual fund units			521.6		–
Aggregate cost of quoted investments			1,155.7		600.0
Aggregate market value of quoted investments			1,171.5		607.6
Aggregate cost of unquoted investments			4,113.5		3,639.8

(*) Investment in units of DWS Mutual Fund made by the Company is subject to pledge/lien of Deutsche Bank for Overdraft facility provided to IIFL Realty Ltd, the fellow subsidiary.

(**) These debentures were under extinguishment process on the balance sheet date.

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 16. INVENTORIES (Valued at lower of cost and net realisable value)

₹ in Millions

Particulars		As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
Options *	Strike Price				
Nifty Call 27-06-2013	5200	–	–	12,950	5.1
Nifty Call 26-06-2014	4500	13,550	15.5	13,550	15.5
Nifty Call 26-06-2014	4600	9,000	10.6	9,000	4.9
Nifty Call 26-06-2014	6500	(10,000)	(2.9)	(10,000)	(2.9)
Sub-Total			23.2		22.6
Non convertible Debentures *	Face Value				
Equity linked Non convertible Debenture of Macquarie Finance (India) Pvt. Ltd.	100,000	473	47.3	473	47.3
Sub-Total			47.3		47.3
Total			70.5		69.9
Aggregate market value			133.8		72.2

*Held to cover possible payout in respect of certain structured products issued by the Company.

Note: 17. CASH AND BANK BALANCES

₹ in Millions

Particulars	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Cash and Cash Equivalents				
Cash on hand	–	–	225.8	1,282.8
Balance with Banks:				
- In Current accounts	–	–	4,081.3	4,727.9
Sub-Total	–	–	4,307.1	6,010.7
Other banks balances:				
Deposits pledged with bank as margin for credit enhancement/ guarantees for credit enhancement/ lien against loans taken	–	–	1,297.7	1,974.1
Deposits with banks with residual maturity less than twelve months	–	–	58.7	500.7
Deposits with maturity more than twelve months	–	–	–	54.3
Sub-Total	–	–	1,356.4	2,529.1
Total	–	–	5,663.5	8,539.8

17.1. Out of total fixed deposits of ₹1,356.4 mn, fixed deposits amounting to ₹1,297.7 mn has been lien marked / pledged. Out of the total lien marked fixed deposits, ₹747.2 mn has been pledged with Banks as margin for credit enhancement, ₹520.4 mn has been Lien marked against overdraft out of which ₹150.0 mn has been lien marked in favour of IIFL Realty Limited and ₹200.0 mn in favour of India Infoline Insurance Brokers Limited and ₹30.1 mn has been Lien marked against term loan.

Note: 18. REVENUE FROM OPERATIONS

₹ in Millions

Particulars	2013-2014	2012-2013
Income from financing activities	17,234.5	16,028.8
Profit from sale of investments (Net)	263.1	57.1
Dividend Income*	79.7	59.3
Total	17,577.3	16,145.2

*Includes dividend income of ₹1.1 mn on preference shares held in wholly owned subsidiary.

Note: 19. OTHER INCOME

₹ in Millions

Particulars	2013-2014	2012-2013
Processing fee	395.9	324.0
Interest on fixed deposits	74.9	86.9
Administration fee & other charges from customer	179.0	136.8
Miscellaneous income	426.2	247.2
Total	1076.0	794.9



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 20. EMPLOYEE BENEFIT EXPENSES

Particulars	₹ in Millions	
	2013-2014	2012-2013
Salaries	1,533.2	1,614.1
Contribution to and provision for :		
- Provident and other Funds *	29.5	31.9
- Leave encashment	12.2	12.8
- Gratuity	9.6	15.4
Staff welfare expenses	41.4	99.8
Total	1,625.9	1,774.0

Note: 20.1. Disclosure pursuant to Accounting Standard (AS)15 Revised "Employee Benefit" :

Particulars	₹ in Millions	
	2013-2014	2012-2013
Assumptions		
Discount rate	9.14%	8.50%
Salary escalation	5.00%	5.00%
Rate of return on plan assets	8.70%	8.70%
Change in Benefit Obligation		
Liability at the beginning of the year	28.7	14.4
Interest cost	2.3	1.2
Current service cost	14.1	9.9
Liability transferred in	3.8	0.1
Liability transferred out	(0.2)	(0.1)
Benefit paid	(2.0)	-
Actuarial (Gain)/ loss on obligations	(6.4)	3.2
Liability at the end of the year	40.3	28.7
Amount Recognised in the Balance Sheet		
Liability at the end of the year	(40.3)	(28.7)
Fair value of plan assets at the end of the year	1.7	3.4
Funded status (Surplus)	(38.6)	(25.3)
Net (Liability)/Asset recognised in the Balance Sheet	(38.6)	(25.3)
Expenses Recognised in the Income statement		
Liability transferred in	-	-
Interest cost	2.3	1.2
Current service cost	14.1	9.9
Expected return on plan assets	(0.3)	(0.4)
Benefit paid	-	-
Actuarial (Gain) or loss	(6.5)	4.7
Expense Recognised in P&L	9.6	15.4
Balance sheet reconciliation		
Opening net liability	25.3	9.9
Net transfer in	3.8	0.1
Net transfer out	(0.2)	(0.2)
Expenses as above	9.6	15.5
Employers contribution	-	-
Net Liability/(Asset) recognised in the Balance Sheet	38.5	25.3

*Defined contribution plans:

The Company has also recognised the following amount as an expense:

Particulars	₹ in Millions	
	2013-2014	2012-2013
Contribution to provident and other fund	8.4	7.2

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 21. FINANCE COST

Particulars	₹ in Millions	
	2013-2014	2012-2013
Interest expense	10,463.0	8,329.3
Other borrowing cost	239.6	287.3
Total	10,702.6	8,616.6

Note: 22. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	₹ in Millions	
	2013-2014	2012-2013
Depreciation on Tangible Assets (Refer Note -9)	387.0	339.7
Amortisation of Intangible Assets (Refer Note -10)	0.2	0.2
Total	387.2	339.9

Note: 23. OTHER EXPENSES

Particulars	₹ in Millions	
	2013-2014	2012-2013
Advertisement	75.5	50.5
Books & periodicals	0.9	0.8
Bank charges	109.0	90.1
Communication	82.5	98.0
Electricity charges	96.5	101.7
Direct operating expenses	751.4	1,091.5
Legal & professional fees	135.7	135.5
Exchange & statutory charges	8.4	8.3
Office expenses	339.9	418.2
Postage & courier	37.9	19.9
Printing & stationery	74.2	53.5
Marketing expenses	408.2	265.0
Rent	494.5	670.7
Rates & taxes	5.2	2.0
Repairs & Maintenance:		
- Computer	2.3	3.6
- Others	47.3	48.8
Remuneration to Auditors:		
- Audit fees	1.0	0.6
- Certification expenses	0.0	0.0
- Out of pocket expenses	0.0	0.1
Software charges	33.8	12.8
Membership & subscription charges	0.9	0.7
Travelling & conveyance	162.3	131.2
Loss on investment	–	130.4
Loss on sale of fixed assets	18.9	0.3
Miscellaneous expenses	2.9	15.0
Total	2,889.2	3,349.2



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 24. PROVISIONS AND WRITE OFF

Particulars	₹ in Millions	
	2013-2014	2012-2013
Bad debts written off	32.4	17.4
Provision for contingencies	43.5	55.7
Provision for diminution in the value of investments	11.7	2.4
Provision for doubtful loans (Non Performing Assets)	243.8	194.8
Provision for standard loans	43.5	48.8
Total	374.9	319.1

Note: 25. BASIC AND DILUTED EARNINGS PER SHARE ["EPS"] COMPUTED IN ACCORDANCE WITH ACCOUNTING STANDARD (AS) 20 "EARNINGS PER SHARE"

Particulars		₹ in Millions	
		2013-2014	2012-2013
Basic EPS			
Profit after Tax as per statement of profit and loss	A	1,794.6	1,747.5
Weighted average number of shares outstanding	B	237,154,030	237,154,030
Basic EPS (Rupees)	A/B	7.57	7.37
Diluted EPS			
Profit after Tax as per statement of profit and loss	C	1,794.6	1,747.5
Weighted average number of shares outstanding		237,154,030	237,154,030
Add: Potential equity shares on account conversion of employees stock options.		–	4,455,000
Weighted average number of shares outstanding	D	237,154,030	241,609,030
Diluted EPS (Rupees)	C/D	7.57	7.23
Face Value per share		10.0	10.0

Note: 26.

Contingent Liabilities as on March 31, 2014 are as follows:

Sr. No.	Particulars	₹ in Millions	
		March 31, 2014	March 31, 2013
(i)	In respect of Income Tax Demands*	79.3	36.9
(ii)	Guarantees and Counter Guarantees	328.4	245.3
	Total	407.7	282.2

*The Company has filed appeal against the said demands raised by the department.

Note: 27.

As on the Balance Sheet date, there were outstanding commitments of Capital Expenditure of ₹39.1 mn (Net of advances) (Previous Year ₹34.9 mn), out of the total contractual obligation entered up to the end of the year.

Note: 28.

The Company has taken office premises on operating lease at various locations. Lease rents in respect of the same have been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 180 days. The minimum Lease rentals outstanding as at March 31, 2014 are as under:

Minimum Lease Rentals	₹ in Millions	
	March 31, 2014	March 31, 2013
Upto One year	49.7	57.6
One to Five years	2.1	1.9
Total	51.8	59.5

Note: 29.

The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it / by its Holding Company/group companies, which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the Company were identified and recovered/recoverable from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

Note: 30. SEGMENT REPORTING

In the opinion of the management, there is only one reportable business segment (Financing & Investing) as envisaged by Accounting Standard - 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

segment reporting is required to be made in the financial statements of the Company. Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

Note: 31. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

Other Current liabilities includes ₹ Nil (Previous year: ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

Note: 32. RETURN ON ASSETS

The Return on Assets for the financial year 2013-14 was 1.6% (Previous year 1.9%).

Note: 33.

During the year under review, the Company had come across frauds totaling to ₹28.1 mn (Previous year ₹130.9 mn) in respect of our lending operations. Out of the above ₹6.1 mn has already been recovered. Suitable action has been taken by the Company to recover the balance amounts.

Note: 34.

As on March 31, 2014 the gold loan portfolio comprises 33.3% (Previous year 35.2%) of the total assets of the Company.

Note: 35. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES

(a) Related parties where control exists:

Nature of relationship	Name of party
Holding Company	IIFL Holdings Limited (Formerly known as India Infoline Limited)
Direct Subsidiaries	India Infoline Housing Finance Limited
Fellow Subsidiaries	India Infoline Commodities Limited
	India Infoline Media & Research Services Limited
	IIFL Capital Limited
	India Infoline Limited (Formerly India Infoline Distribution Company Limited)
	India Infoline Insurance Services Limited
	India Infoline Insurance Brokers Limited
	IIFL Wealth Management Limited
	IIFL Realty Limited
	IIFL (Asia) Pte. Limited
	IIFL Capital Ceylon Limited *
	IIFL Securities Ceylon (Pvt.) Limited **
	IIFL Private Wealth Hong Kong Limited
	IIFL Private Wealth (Mauritius) Limited
	IIFL Private Wealth Management (Dubai) Limited
	India Infoline Commodities DMCC
	IIFL Inc.
	IIFL Wealth (UK) Limited
	IIFL Capital Inc.
	IIFL Private Wealth (Suisse) SA.
Group Companies	IIFL Distribution Services Private Limited (Formerly known as IIFL Trustee Services Limited)
	IIFL Investment Advisor and Trustee Services Limited (Formerly known as IIFL Trustee Services Limited)
	IIFL Capital Pte. Limited
	IIFL Securities Pte Limited
	India Infoline Trustee Company Limited
	India Infoline Asset Management Company Limited
	IIFL Alternate Asset Advisors Limited
Key Managerial Personnel	Nirmal Jain
	R. Venkataraman
	Mukesh Kumar Singh
Other related parties:	Madhu Jain (Wife of Mr. Nirmal Jain)
	Aditi Venkataraman (Wife of Mr. R Venkataraman)
	India Infoline Foundation

* IIFL Capital Ceylon Limited was related party up to 20th March 2014.

**IIFL Securities Ceylon (Pvt.) Limited was related party up to 30th December 2013.



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Notes forming part of financial statement for the year ended March 31, 2014

Note: 35. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Direct Subsidiaries	Group Companies	Key Management Personnel	Total
Interest Income						
India Infoline Limited	–	0.8	–	–	–	0.8
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(4.9)	–	–	–	–	(4.9)
India Infoline Housing Finance Limited	–	–	82.5	–	–	82.5
	–	–	(17.2)	–	–	(17.2)
IIFL Wealth Management Limited	–	50.9	–	–	–	50.9
	–	(3.8)	–	–	–	(3.8)
India Infoline Media and Research Services Limited	–	–	–	–	–	–
	–	(7.1)	–	–	–	(7.1)
IIFL Realty Limited	–	–	–	–	–	–
	–	(179.2)	–	–	–	(179.2)
India Infoline Commodities Limited	–	–	–	–	–	–
	–	(20.5)	–	–	–	(20.5)
IIFL Distribution Services Private Limited	–	–	–	1.3	–	1.3
	–	–	–	–	–	–
Interest Expense						
India Infoline Limited	–	0.4	–	–	–	0.4
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(124.5)	–	–	–	–	(124.5)
IIFL Wealth Management Limited	–	0.0	–	–	–	0.0
	–	–	–	–	–	–
India Infoline Commodities Limited	–	0.8	–	–	–	0.8
	–	–	–	–	–	–
India Infoline Insurance Brokers Limited	–	–	–	–	–	–
	–	(0.1)	–	–	–	(0.1)
India Infoline Housing Finance Limited	–	–	–	–	–	–
	–	–	(2.2)	–	–	(2.2)
India Infoline Limited	–	–	–	–	–	–
	–	(0.8)	–	–	–	(0.8)
Service charges Income						
India Infoline Housing Finance Limited	–	–	–	–	–	–
	–	–	(0.6)	–	–	(0.6)
Marketing Fees Income						
India Infoline Media and Research Services Limited	–	–	–	–	–	–
	–	(101.2)	–	–	–	(101.2)
India Infoline Insurance Brokers Limited	–	–	–	–	–	–
	–	(126.0)	–	–	–	(126.0)
Referral Fees Income						
IIFL Wealth Management Limited	–	69.6	–	–	–	69.6
	–	(18.1)	–	–	–	(18.1)
Arranger/Management / Marketing Support / Processing fees / Advisory expenses/ Referral Fees						
India Infoline Limited	–	1.0	–	–	–	1.0
	–	–	–	–	–	–
India Infoline Media and Research Services Limited	–	34.8	–	–	–	34.8
	–	–	–	–	–	–
IIFL Wealth Management Limited	–	50.3	–	–	–	50.3
	–	(98.9)	–	–	–	(98.9)
IIFL Realty Limited	–	11.9	–	–	–	11.9
	–	(23.9)	–	–	–	(23.9)

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 35. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Direct Subsidiaries	Group Companies	Key Management Personnel	Total
Rent Expenses						
IIFL Realty Limited	–	8.2	–	–	–	8.2
	–	–	–	–	–	–
India Infoline Media and Research Services Limited	–	–	–	–	–	–
	–	(101.2)	–	–	–	(101.2)
Commission/ Brokerage Expense						
IIFL Wealth Management Limited	–	0.5	–	–	–	0.5
	–	–	–	–	–	–
India Infoline Limited	–	0.2	–	–	–	0.2
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(0.3)	–	–	–	–	(0.3)
Discount on Commercial Paper						
India Infoline Asset Management Company Limited	–	–	–	–	–	–
	–	–	–	(7.0)	–	(7.0)
Director's Remuneration	–	–	–	–	8.3	8.3
	–	–	–	–	(8.3)	(8.3)
Sale/cancellation assigned Portfolio/Foreclosures/EMIs						
India Infoline Housing Finance Limited	–	–	979.8	–	–	979.8
	–	–	(1,420.7)	–	–	(1,420.7)
Preference Dividend						
India Infoline Housing Finance Limited	–	–	40.6	–	–	40.6
	–	–	–	–	–	–
Equity Dividend						
IIFL Holdings Limited (Formerly known as India Infoline Limited)	586.2	–	–	–	–	586.2
	(586.2)	–	–	–	–	(586.2)
ICD Taken						
India Infoline Limited	–	1,200.0	–	–	–	1,200.0
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(2,000.0)	–	–	–	–	(2,000.0)
India Infoline Commodities Limited	–	675.0	–	–	–	675.0
	–	–	–	–	–	–
India Infoline Insurance Brokers Limited	–	–	–	–	–	–
	–	(145.0)	–	–	–	(145.0)
ICD Returned						
India Infoline Limited	–	1200.0	–	–	–	1200.0
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(2,000.0)	–	–	–	–	(2,000.0)
India Infoline Commodities Limited	–	675.0	–	–	–	675.0
	–	–	–	–	–	–
India Infoline Insurance Brokers Limited	–	–	–	–	–	–
	–	(145.0)	–	–	–	(145.0)



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 35. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Direct Subsidiaries	Group Companies	Key Management Personnel	Total
ICD Given						
India Infoline Limited	–	2,300.0	–	–	–	2,300.0
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(3,310.0)	–	–	–	–	(3,310.0)
India Infoline Media and Research Services Limited	–	–	–	–	–	–
	–	(350.0)	–	–	–	(350.0)
India Infoline Housing Finance Limited	–	–	4,007.0	–	–	4,007.0
	–	–	–	–	–	–
IIFL Wealth Management Limited	–	1,631.0	–	–	–	1,631.0
	–	(135.0)	–	–	–	(135.0)
IIFL Realty Limited	–	–	–	–	–	–
	–	(530.2)	–	–	–	(530.2)
IIFL Distribution Services Private Limited	–	–	–	300.0	–	300.0
	–	–	–	–	–	–
ICD Received Back						
India Infoline Limited	–	2,300.0	–	–	–	2,300.0
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(3,310.0)	–	–	–	–	(3,310.0)
India Infoline Media and Research Services Limited	–	–	–	–	–	–
	–	(350.0)	–	–	–	(350.0)
India Infoline Housing Finance Limited	–	–	4,007.0	–	–	4,007.0
	–	–	–	–	–	–
IIFL Wealth Management Limited	–	1,631.0	–	–	–	1,631.0
	–	(135.0)	–	–	–	(135.0)
IIFL Realty Limited	–	–	–	–	–	–
	–	(2,474.9)	–	–	–	(2,474.9)
India Infoline Commodities Limited	–	–	–	–	–	–
	–	(500.0)	–	–	–	(500.0)
IIFL Distribution Services Private Limited	–	–	–	300.0	–	300.0
	–	–	–	–	–	–
Advance Taken#						
India Infoline Limited	–	7.0	–	–	–	7.0
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(3,426.3)	–	–	–	–	(3,426.3)
India Infoline Housing Finance Limited	–	–	50.0	–	–	50.0
	–	–	(237.3)	–	–	(237.3)
India Infoline Commodities Limited	–	450.0	–	–	–	450.0
	–	–	–	–	–	–
India Infoline Distribution Company Limited	–	–	–	–	–	–
	–	(38.8)	–	–	–	(38.8)
Advance Returned (#)						
India Infoline Limited	–	7.0	–	–	–	7.0
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(3,426.3)	–	–	–	–	(3,426.3)
India Infoline Housing Finance Limited	–	–	50.0	–	–	50.0
	–	–	(237.3)	–	–	(237.3)
India Infoline Commodities Limited	–	450.0	–	–	–	450.0
	–	–	–	–	–	–
India Infoline Distribution Company Limited	–	–	–	–	–	–
	–	(38.8)	–	–	–	(38.8)

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 35. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Direct Subsidiaries	Group Companies	Key Management Personnel	Total
Advance Given (#)						
India Infoline Housing Finance Limited	–	–	80.0	–	–	80.0
IIFL Holdings Limited	–	–	(465.8)	–	–	(465.8)
IIFL Realty Limited	(154.9)	–	–	–	–	(154.9)
India Infoline Commodities Limited	–	–	–	–	–	–
IIFL Distribution Services Private Limited	–	(6.0)	–	–	–	(6.0)
	–	–	–	–	–	–
	–	–	–	(11.4)	–	(11.4)
Advance Received Back (#)						
India Infoline Housing Finance Limited	–	–	80.0	–	–	80.0
IIFL Holdings Limited	–	–	(465.8)	–	–	(465.8)
IIFL Realty Limited	(154.9)	–	–	–	–	(154.9)
India Infoline Commodities Limited	–	–	–	–	–	–
IIFL Distribution Services Private Limited	–	(6.0)	–	–	–	(6.0)
	–	–	–	–	–	–
	–	–	–	(11.4)	–	(11.4)
Issuance of Commercial Paper						
India Infoline Asset Management Company Limited	–	–	–	–	–	–
	–	–	–	(83.1)	–	(83.1)
Repayment of Commercial Paper						
India Infoline Asset Management Company Limited	–	–	–	–	–	–
	–	–	–	(90.0)	–	(90.0)
Purchase of Fixed Assets						
India Infoline Media and Research Services Limited	–	–	–	–	–	–
	–	(331.9)	–	–	–	(331.9)
Sale of Investment (Net)						
IIFL Holdings Limited	–	–	–	–	–	–
	(85.1)	–	–	–	–	(85.1)
Purchase of Investment (Net)						
India Infoline Limited	–	1,389.5	–	–	–	1,389.5
	–	–	–	–	–	–
Allocation / Reimbursement of expenses paid						
India Infoline Limited	–	347.8	–	–	–	347.8
IIFL Holdings Limited	–	–	–	–	–	–
	(806.6)	–	–	–	–	(806.6)
India Infoline Media and Research Services Limited	–	–	–	–	–	–
	–	(47.5)	–	–	–	(47.5)
India Infoline Insurance Brokers Limited	–	–	–	–	–	–
	–	(52.3)	–	–	–	(52.3)



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 35. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Direct Subsidiaries	Group Companies	Key Management Personnel	Total
Allocation / Reimbursement of expenses paid others						
India Infoline Limited	–	39.7	–	–	–	39.7
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(72.3)	–	–	–	–	(72.3)
India Infoline Media and Research Services Limited	–	23.4	–	–	–	23.4
	–	(29.7)	–	–	–	(29.7)
India Infoline Insurance Services Limited	–	0.0	–	–	–	0.0
	–	–	–	–	–	–
IIFL Wealth Management Limited	–	2.6	–	–	–	2.6
	–	–	–	–	–	–
India Infoline Housing Finance Limited	–	–	17.9	–	–	17.9
	–	–	–	–	–	–
India Infoline Asset Management Company Limited	–	–	–	0.0	–	0.0
	–	–	–	–	–	–
Allocation / Reimbursement of expenses received						
India Infoline Housing Finance Limited	–	–	21.2	–	–	21.2
	–	–	–	–	–	–
Allocation / Reimbursement of expenses received others						
IIFL Wealth Management Limited	–	0.1	–	–	–	0.1
	–	–	–	–	–	–
India Infoline Limited	–	4.1	–	–	–	4.1
	–	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–	–
	(262.0)	–	–	–	–	(262.0)
India Infoline Insurance Brokers Limited	–	0.0	–	–	–	0.0
	–	–	–	–	–	–
IIFL Realty Limited	–	0.0	–	–	–	0.0
	–	–	–	–	–	–
India Infoline Media and Research Services Limited	–	–	–	–	–	–
	–	(0.9)	–	–	–	(0.9)

Figures in bracket represent previous year's figure.

#Represents maximum amount outstanding at any time during the year.

(c) Closing balance:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Direct Subsidiaries	Key Management Personnel	Total
Sundry Payable					
IIFL Realty Limited	–	2.8	–	–	2.8
	–	–	–	–	–
Collateral Given (On behalf of)					
IIFL Realty Limited	–	850.0	–	–	850.0
	–	–	–	–	–
IIFL Insurance Brokers Limited	–	200.0	–	–	200.0
	–	–	–	–	–

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 36.

Disclosure as required under Notification No. DNBS.200/CGM(PK)-2008 dated 01st August 2008 issued by Reserve Bank of India:

i. Capital Adequacy Ratio

Items	₹ in Millions	
	March 31, 2014	March 31, 2013
CRAR (%)	17.65%	21.60%
CRAR-Tier I Capital (%)	12.74%	14.58%
CRAR-Tier II Capital (%)	4.91%	7.02%

ii. Exposure to Real Estate:

Category	₹ in Millions	
	March 31, 2014	March 31, 2013
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;		
- Up to ₹15 Lacs	790.2	421.3
- More than ₹15 Lacs	17,943.7	15,244.3
(ii) Commercial Real Estate-		
Lending secured by mortgages on commercial real estate's (office buildings retail space multipurpose commercial premises multi-family residential buildings multi-tenanted commercial premises industrial or warehouse space hotels land acquisition development and construction etc.). Exposure would also include non-fund based (NFB) limits;	17,709.3	13,763.0
(iii) Investments in Mortgage Backed Securities(MBS) & other securitized exposures-		
a. Residential	6,186.7	5,723.2
b. Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	2,655.0	1,305.0

ii. Maturity Pattern of certain items of Assets and Liabilities:

Particulars	₹ in Millions			
	Liability		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30/31 days (One month)	4,244.8	11,210.0	15,611.1	1,762.0
Over 1 to 2 months	599.8	8,775.5	10,200.2	-
Over 2 to 3 months	1,200.3	3,450.0	10,146.7	108.6
Over 3 to 6 months	3,984.6	3,001.1	18,837.9	596.5
Over 6 to 12 months	6,270	1,009.6	9,142.9	3,538.8
Over 1 to 3 years	21,620.2	12,773.4	15,030.1	2,186.2
Over 3 to 5 years	7,321.0	10,005.3	5,028.2	247.5
Over 5 years	-	530.0	14,759.8	2,655.0
Total	45,240.7	50,754.9	98,756.9	11,094.6



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 37. ASSET CLASSIFICATION

Particulars	₹ in Millions	
	Outstanding Balance	Provisions
Standard Assets	92,844.5 (84,129.8)	253.8 (210.3)
Sub-Standard Assets	726.3 (291.3)	424.1 (202.6)
Doubtful Assets	107.3 (75.3)	97.0 (44.9)
Loss Assets	22.2 (83.3)	22.2 (51.9)

Note:

- In terms of RBI circular a general provision of ₹253.8 mn (Previous Year ₹210.3 mn) has been made at 0.25% of the standard Assets under the head 'Provision on Standard Loans' in Note 24.
- Provision is created after considering credit for securities available against the loans. Debentures and bonds subscribed by the Company for financing Real Estate Projects amounting to ₹6,186.8 mn shown under current and non-current investments are not considered in the above mentioned asset classification.
- Figures in bracket represent previous year's figure.

Note: 38.

Particulars as per RBI Directions (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holdings) Companies Prudential Norms (Reserve Bank) Directions 2007):

1. Loans and advances availed by the NBFCs inclusive of interest accrued there on but not paid:

Particulars	₹ in Millions	
	Amount Outstanding	Amount overdue
Liabilities Side:		
(a) Debentures:		
Secured	17,932.1	—
Unsecured (Other than falling within the meaning of public deposits)	7,208.2	—
(b) Deferred credits	—	—
(c) Term loans	45,722.1	—
(d) Inter-corporate loans and borrowings	50.0	—
(e) Commercial Paper	23,310.0	—
(f) Other Loans (Overdraft)	3,777.5	—

2. Break – up of Loans and Advances including Bills Receivables [Other than included in (4) below]:

Particulars	₹ in Millions
	Amount Outstanding
Assets Side:	
(a) Secured	97,225.2
(b) Unsecured	464.4

3. Break- up of leased assets and stock on hire and other assets counting towards AFC activities:

Particulars	₹ in Millions
	Amount
(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	—

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

4. Break-up of Investments:

₹ in Millions

Particulars	Amount
Current Investments :	
1 Quoted :	
(i) Shares:	
(a) Equity	–
(b) Preference	–
(ii) Debentures and Bonds	197.3
(iii) Units of mutual funds	1,413.0
(iv) Government Securities	438.7
(v) Others (Certificate of Deposits)	–
2 Unquoted:	
(i) Shares:	
(a) Equity	–
(b) Preference	28.2
(ii) Debentures and Bonds	3,191.9
(iii) Units of mutual funds	–
(iv) Government Securities	–
(v) Others (please specify)	–
Long Term Investments :	
1 Quoted :	
(i) Shares:	
(a) Equity	–
(b) Preference	–
(ii) Debentures and Bonds	–
(iii) Units of mutual funds	–
(iv) Government Securities	–
(v) Others (please specify)	–
2 Unquoted:	
(i) Shares:	
(a) Equity of subsidiary companies	1,005.0
(b) Preference of subsidiary companies	1,650.0
(ii) Debentures and Bonds	3,170.3
(iii) Units of mutual funds	–
(iv) Government Securities	–
(v) Others (please specify)	–

5. Borrower Group-wise Classification of all assets financed as in (2) and (3) above:

₹ in Millions

Category	Amount Net of Provisions		
	Secured	Unsecured	Total
1. Related Parties			
a) Subsidiaries	–	–	–
b) Companies in the same group	–	–	–
c) Other related parties	–	–	–
2. Other than related parties	97,225.2	464.4	97,689.6
Total	97,225.2	464.4	97,689.6



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

6. Investor group wise classification of all investments (Current and Long Term) in shares and securities (Both quoted and unquoted):

Category	₹ in Millions	
	Market Value/ breakup or fair value of NAV	Book value (net of provisions)
1 Related Parties*		
a) Subsidiaries	2,655.0	2,655.0
b) Companies in the same group	–	–
c) Other related parties	–	–
2 Other than related parties	8,453.2	8,439.6
Total	11,108.2	11,094.6

* As per Accounting Standard of ICAI

7. Other Information:

Particulars	₹ in Millions	
	Amount	
(i) Gross Non-Performing Assets		
(a) Related parties		–
(b) Other than related parties		855.8
(ii) Net Non-Performing Assets		
(a) Related parties		–
(b) Other than related parties		312.5
(iii) Assets acquired in satisfaction of debt		–

Note: 39.

Particulars as per RBI guidelines on Securitisation Transactions (as required in terms of circular RBI/2012-13/170 DBS PD No. 301/3.10.01/2012-13):

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:

Particulars	₹ in Millions	
	March 31, 2014	
Total number of Loan Assets under par structure		7
Total book value of loan assets		6,507.4
Sale consideration received		6,439.7

B) The information on Securitisation of the Company as an originator in respect of outstanding amount of Securitised assets is given below:

Particulars	₹ in Millions	
	March 31, 2014	
Number of SPVs sponsored by the company for securitisation transactions		5
Total amount of securitised assets as per books of SPVs sponsored by company		3,377.4
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		–
a) Off - Balance Sheet Exposures		
First Loss		53.4
Others		–
b) On - Balance Sheet Exposures		
First Loss		399.3
Investment in PTC		–
Overcollateralization		11.1
Amount of exposures to securitisation transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to Own Securitisations		
First Loss		–
Others		–
ii) Exposures to third party securitisations		
First Loss		–
Others		–

Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

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, 2014
b) On - Balance Sheet Exposures	
i) Exposures to own securitisations	
First Loss	—
Others	50.6
ii) Exposures to third party securitizations:	
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, 2014
Total number of loan assets under par structure	394
Total book value of loan assets	2,263.7
Sale consideration received	2,026.2

D) The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

₹ in Millions	
Particulars	March 31, 2014
Number of transactions assigned by the Company	3
Total amount outstanding	2,980.9
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet	—
a) Off - Balance Sheet Exposures	
First Loss	—
Others	—
b) On - Balance Sheet Exposures	
First Loss	292.6
Investment in PTC	—
Exposures to own assigned transactions	217.1
Amount of exposures to assigned transaction other than MRR	—
a) Off - Balance Sheet Exposures	
i) Exposures to own assigned transactions	
First Loss	—
Others	—
ii) Exposures to third party assigned transactions	
First Loss	—
Others	—
b) On - Balance Sheet Exposures	
i) Exposures to own assigned transactions	
First Loss	—
Others	—
ii) Exposures to third party assigned Transactions	
First Loss	—
Others	—



Standalone Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 40.

Particulars as per RBI Directions for auction details (As required in terms of paragraph 17 C(2) of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007:

₹ in Millions

Number of Gold loan Accounts for which Auctions done	Outstanding Amount	Amount Recovered in Auction
70,269	4,918.1	4,566.7

None of the group companies have participated in the above auctions

Note: 41.

Previous year's figure are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

Firm's Registration No.109983W

By the hand of

For and on behalf of the Board of Directors

of India Infoline Finance Limited

Parthiv S. Desai

Partner

Membership No.: (F) 042624

Place : Mumbai

Dated: May 13, 2014

Nirmal Jain

Director

Mukesh Kumar Singh

Executive Director

Manish Mishra

Company Secretary

Statement Relating to Subsidiary Company

Pursuant to approval granted U/S 212 (8) of the Companies Act , 1956

₹ in Millions

Sr. No.	Particulars	India Infoline Housing Finance Limited
1	Equity Share Capital	1,659.0
2	Reserves	1,517.8
3	Total Assets	12,068.5
4	Total Liabilities	12,068.5
5	Investments (other than investment in subsidiary)	205.4
6	Total Turnover	1,134.4
7	Profit/(loss) Before Taxation	439.5
8	Provision for Taxation (including Deferred Tax)	129.0
9	Profit after Taxation	310.5
10	Proposed Preference Dividend	40.6
11	Extent of Interest in Subsidiary	100%



Independent Auditor's Report

To the Board of Directors of
India Infoline Finance Limited

We have audited the accompanying consolidated financial statements of India Infoline Finance Limited ("the Company") and its subsidiary, which comprise the consolidated balance sheet as at 31st March 2014, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For Sharp & Tannan Associates

Chartered Accountants

Firm's Registration No.109983W

by the hand of

Parthiv S. Desai

Partner

Place: Mumbai

Date : May 13, 2014

Membership No. 042624

Consolidated Balance Sheet as at March 31, 2014

₹ in Millions

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	2,371.5	2,371.5
(b) Reserve and Surplus	4	14,636.3	13,272.3
Sub-Total		17,007.8	15,643.8
(2) Non Current Liabilities			
(a) Long-term borrowings	5	58,064.4	43,368.4
(b) Long-term provisions	6	329.5	251.7
Sub-Total		58,393.9	43,620.1
(3) Current liabilities			
(a) Short-term borrowings	7	27,137.5	34,496.7
(b) Other current liabilities	8		
- Current Maturities of long term borrowings		16,758.2	14,400.2
- Others		6,564.8	3,650.7
(c) Short-term provisions	6	509.1	237.8
Sub-Total		50,969.6	52,785.4
TOTAL - EQUITY AND LIABILITIES		126,371.3	112,049.3
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	959.0	963.9
(ii) Intangible assets	10	0.2	0.1
(iii) Goodwill (on Consolidation)		1.8	1.8
(iv) Capital work-in-progress		2.6	19.6
Sub-Total		963.6	985.4
(b) Non-current investments	11	3,170.4	3,893.5
(c) Deferred tax assets (Net)	12	513.7	314.4
(d) Long-term loans & advances	13		
- Loans		38,968.9	31,580.7
- Others		191.6	583.0
(e) Other non-current assets	14	253.3	125.9
Sub-Total		43,097.9	36,497.5
(2) Current assets			
(a) Current investments	15	5,474.6	4,369.8
(b) Inventories	16	70.5	69.9
(c) Cash and bank balances	17	8,115.3	8,659.0
(d) Short-term loans & advances	13		
- Loans		62,924.8	56,151.8
- Others		4,840.8	4,257.6
(e) Other current assets	14	883.8	1,058.3
Sub-Total		82,309.8	74,566.4
TOTAL - ASSETS		126,371.3	112,049.3
See accompanying notes forming part of the financial statements	1-38		

As per our attached report of even date

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No. 109983W
By the hand of

For and on behalf of the Board of Directors
of India Infoline Finance Limited

Parthiv S. Desai
Partner
Membership No.: (F) 042624
Place : Mumbai
Dated: May 13, 2014

Nirmal Jain
Director

Mukesh Kumar Singh
Executive Director

Manish Mishra
Company Secretary



Consolidated Statement of Profit and Loss for the year ended March 31, 2014

₹ in Millions

Particulars	Note No.	2013-2014	2012-2013
INCOME			
Revenue from operations	18	18,490.6	16,534.1
Other Income	19	1,213.4	837.8
Total Revenue		19,704.0	17,371.9
EXPENDITURE			
Employee benefit expenses	20	1,667.8	1,794.5
Finance cost	21	11,109.1	8,776.0
Depreciation & amortisation expenses	22	387.2	339.9
Other expenses	23	2,988.0	3,397.7
Provision & Write off	24	440.0	326.2
Total Expenses		16,592.1	14,634.3
Profit / (Loss) before tax		3,111.9	2,737.6
Tax expenses :			
Current tax		1,207.2	1,042.2
Deferred tax		(199.3)	(194.9)
Current tax expense relating to prior years		—	3.1
Total tax expense		1,007.9	850.4
Profit for the year		2,104.0	1,887.2
Earnings Per Share:	25		
- Basic		8.87	7.96
- Diluted		8.87	7.81
Face Value Per Equity Share ₹		10.0	10.0
See accompanying notes forming part of the financial statements	1-38		

As per our attached report of even date

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.109983W
By the hand of

For and on behalf of the Board of Directors
of India Infoline Finance Limited

Parthiv S. Desai
Partner
Membership No.: (F) 042624
Place : Mumbai
Dated: May 13, 2014

Nirmal Jain
Director

Mukesh Kumar Singh
Executive Director

Manish Mishra
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2014

₹ in Millions

Particulars	2013-2014		2012-2013	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before taxation and extraordinary item		3,111.9		2,737.6
Adjustments for:				
Depreciation	387.2		339.9	
Provision for doubtful loans	275.9		194.8	
Provision for standard loans	76.5		55.6	
Provision for diminution in value of investments	11.7		2.3	
Provision for contingencies	43.4		55.7	
Gratuity & leave encasement	27.0	821.7	30.5	678.8
Operating profit before working capital changes		3,933.6		3,416.4
Increase / (Decrease) in short term provisions	(10.8)		(6.0)	
Increase / (Decrease) in other liabilities	3,016.4		35.4	
Decrease / (Increase) in trade inventories	(0.5)		35.1	
Decrease / (Increase) in long term loans & advances	(7,320.3)		(7,618.7)	
Decrease / (Increase) in short term loans & advances	(7,356.2)		(18,188.9)	
Decrease / (Increase) in other current assets	174.5		(399.0)	
Decrease / (Increase) in other non current assets	(127.4)	(11,624.3)	(9.7)	(26,151.8)
Cash generated from operations		(7,690.7)		(22,735.4)
Tax (Paid) / Refund		(1,049.0)		(974.9)
Net cash from operating activities (A)		(8,739.7)		(23,710.3)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets,including intangible assets, CWIP and capital advances (Net) #		(365.4)		(611.5)
Purchase of non-current investments		723.2		(863.5)
Purchase of current investments		(1,116.6)		–
Proceeds from sale/maturity of current investments		–		(1,327.8)
Purchase/(Sale) of Investments (Subsidiaries)		–		85.1
Net cash from investing activities (B)		(758.8)		(2,717.7)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend & dividend distribution tax paid		(740.0)		(689.1)
Proceeds from long term borrowings #		17,054.0		18,723.7
Proceeds from short term borrowings #		–		14,157.3
Repayment of short term borrowings #		(7,359.2)		–
Net cash from financing activities (C)		8,954.8		32,191.9
Net increase in cash and cash equivalents (A + B + C)		(543.7)		5,763.8
Opening Cash and cash equivalents				
Cash on hand and balances with banks		8,659.0		2,936.6
Less :Opening balance of subsidiary sold		–		(41.4)
		8,659.0		2,895.2
Closing Cash and cash equivalents				
Cash on hand and balances with banks		8,115.3		8,659.0

Represents net amount due to the transaction volume.

- Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India
- Previous year's figure are re-grouped /re-arrange wherever necessary

As per our attached report of even date

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.109983W
By the hand of

For and on behalf of the Board of Directors
of India Infoline Finance Limited

Parthiv S. Desai
Partner
Membership No.: (F) 042624
Place : Mumbai
Dated: May 13, 2014

Nirmal Jain
Director

Mukesh Kumar Singh
Executive Director

Manish Mishra
Company Secretary



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 1. CORPORATE INFORMATION

The Consolidated financial statements relates to "India Infoline Finance Limited" and its subsidiary "India Infoline Housing Finance Limited" (IIHFL). The Company is a systemically important Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration on May 12, 2005, enabling the Company to carry on business as Non-Banking Financial Company. The Company offers broad suite of lending and other financial products such as mortgage loan, gold loan, loan against securities, commercial vehicle and health care finance to retail and corporate clients.

Note: 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of consolidation:

i. Basis of preparation of financial statements:

The individual Balance Sheet and Profit and Loss Account of India Infoline Finance Limited ('the Company') and its subsidiaries ('companies and / or subsidiaries'), collectively referred to as 'Group', have been consolidated as per principles of consolidation enunciated in Accounting Standard (AS) 21- 'Consolidated Financial Statements' issued by the Council of The Institute of Chartered Accountants of India.

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve bank of India (RBI) as applicable to NBFCs as well as norms prescribed by National Housing Bank (NHB). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii. Principles of consolidation:

The financial statements of the group companies of India Infoline Finance Limited have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The effects of all inter-group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

iii. List of subsidiaries consolidated:

The individual Balance Sheet as at March 31, 2014 and statement of profit and loss for the year ended March 31, 2014 of following subsidiary is included in consolidation:

India Infoline Housing Finance Limited (IIHFL)

2.2 Use of estimates:

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

2.3 Fixed Asset, Depreciation and Amortization :

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of schedule XIV of the Companies Act, 1956, which-ever is higher. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset.

Depreciation is charged from the 'month' in which new assets are "put to use". No depreciation is charged for the month in which assets are sold. Individual assets / group of similar assets costing upto ₹5,000/- has been depreciated in full, in the year of purchase.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings	20
Computers	3
Electrical & Office equipment	5
Furniture and fixtures	5
Vehicles	5
Software	3

2.4 Assignment of loan portfolio:

Derecognition of loans assigned, in the books of the Company, is based on the concept of surrender of control over the loans resulting in a "true sale" of loans. Future interest spread receivables in case of a par structure deals are recognised over the tenure of agreements as per guidelines issued by the RBI. Expenditure in respect of direct assignment is recognised upfront. Credit enhancement in the form of cash collateral provided by the Company is included under Cash and bank balance / Loans and advances, as applicable.

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

2.5 Revenue recognition:

The Company complies, in all material respects, with the Accounting Standards, Prudential Norms relating to income recognition, asset classification and the minimum provisioning for bad and doubtful debts and standard assets, specified in the directions issued by the RBI & NHB, as applicable to it, and

- Interest Income is recognised on the time proportionate basis as per agreed terms.
- Income recognised and remaining unrealised for ninety days or more for all the loans, except Gold loans for which interest is reversed after 180 days, are reversed and are accounted as income when these are actually realised.
- Interest income on non-performing assets is recognised on cash basis.
- Dividend income is recognised when the right to receive payment is established.
- In respect of the other heads of income, the Company accounts the same on accrual basis.
- Processing fees received from customers is recognised as income on receipt basis.

2.6 Preliminary expenses:

Preliminary Expenses are written off in the financial year in which it is incurred

2.7 Retirement benefits:

The company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the statement of profit & loss. The Company has provided "Compensated Absences" on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognized in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

2.8 Provisions, Contingent liabilities and Contingent assets:

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Provision on Standard Assets is made as per notification no. DNBS.PD.CC.No.207/03.02.002/2010-2011 dated January 17, 2011 issued by RBI.

For the subsidiary IIHFL non-performing loans are written off / provided for, as per management estimates subject to the minimum provision required as per National Housing Bank (NHB) Directions. Provision on standard assets is made as per notifications issued by NHB. All such provisions are classified as long term provisions.

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets are neither recognized nor disclosed in the financial statements.

2.9 Taxes on income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier year deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. At each reporting date, the Company re-assesses unrecognized deferred tax assets. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax liability is recognised as and when arisen.

2.10 Operating leases:

Lease rentals in respect of operating lease arrangements are charged to the statement of profit & loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

2.11 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or market / fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management, such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.

2.12 Inventories:

Closing stock is valued at cost or market value, whichever is lower. Cost is computed on FIFO basis.



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

2.13 Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.14 Borrowings:

Borrowings are bifurcated under long term and short term liabilities. Commercial papers are recognised at Face value at the time of its issue. Any difference between the proceeds and the redemption value is recognised in profit & loss account over the period of the borrowings.

2.15 Debenture Issue Expenses:

Debenture issue expenses incurred on public issue of non convertible debentures are amortized on weighted average tenure of the underlying debenture.

In case of private placement of non convertible debentures the same is charged to the profit and loss account in the year in which they are incurred.

Note: 3. SHARE CAPITAL

₹ in Millions

Particulars	March 31, 2014	March 31, 2013
Authorised Share Capital		
300,000,000 Equity Shares (Previous Year 300,000,000) of ₹10 each	3,000.0	3,000.0
1,999,600 Equity Shares (Previous Year 1,999,600) of ₹100 each	200.0	200.0
150 Preference Shares (Previous Year 150) of ₹100 each	0.0	0.0
250 11% Non- Cumulative Redeemable Preference Shares (Previous Year 250) of ₹100 each	0.0	0.0
Total	3,200.0	3,200.0
Issued, Subscribed and Paid-up Share Capital:		
237,154,030 Equity Shares (Previous Year 237,154,030) of ₹10 each	2,371.5	2,371.5

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the year:

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the beginning of the year	237,154,030	2,371.5	237,154,030	2,371.5
Issued during the year	–	–	–	–
Outstanding at the end of the year	237,154,030	2,371.5	237,154,030	2,371.5

(ii) Rights attached to Equity Shares:

The Company has only one class of issued equity shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2014, equity shareholders were paid Interim dividend of ₹2.50 (Previous Year ₹2.50).

(iii) Details of shareholders holding more than 5% equity shares in the company:

Name of the shareholder	March 31, 2014		March 31, 2013	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹10 each fully paid up				
IIFL Holdings Limited (Formerly known as India Infoline Limited)	234,467,549	98.87%	234,467,549	98.87%

(iv) Aggregate number of Bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
	No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares
Bonus Shares	–	–	–	213,438,627	–

(v) The stock options outstanding as on March 31, 2014 - Nil (P.Y – 4,455,000) under the employee stock options scheme 2007 stand surrendered/lapsed/cancelled during the year.

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 4. RESERVES AND SURPLUS

Particulars	₹ in Millions	
	March 31, 2014	March 31, 2013
Securities Premium Account		
Opening Balance as per last financial statement	8,657.5	8,657.5
Addition during the year from Statement of Profit and Loss	–	–
Deduction during the year	–	–
Closing balance	8,657.5	8,657.5
General Reserve		
Opening Balance as per last financial statement	263.0	83.0
Addition during the year from Statement of Profit and Loss	200.0	180.0
Deduction during the year	–	–
Closing balance	463.0	263.0
Special Reserve		
I. Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934		
Opening Balance as per last financial statement	1,050.0	700.0
Addition during the year from Statement of Profit and Loss	365.0	350.0
Closing balance	1,415.0	1,050.0
II. Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987		
Opening Balance as per last financial statement	53.0	25.0
Addition during the year from Statement of Profit and Loss	62.2	28.0
Closing balance	115.2	53.0
Total Special Reserve (I +II)	1,530.2	1,103.0
Debenture Redemption Reserve (Refer Note 4.1)		
Opening Balance as per last financial statement	850.0	630.0
Addition during the year from Statement of Profit and Loss	1,150.0	220.0
Closing balance	2,000.0	850.0
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance as per last financial statement	2,398.8	1,982.5
Adjustment on sale of subsidiary to parent entity	–	(3.7)
Addition during the year from Statement of Profit and Loss	2,104.0	1,887.1
Less: Appropriations		
Preference Dividend Paid	(39.5)	–
Dividend Distribution Tax on Preference Dividend	(6.9)	–
Interim Dividend Paid	(592.9)	(592.9)
Dividend Distribution Tax on Interim Dividend	(100.7)	(96.2)
Transfer to Special Reserve as per Section 45 IC of the RBI Act, 1934	(365.0)	(350.0)
Transfer to Special Reserve as per Section 29 C of the NHB Act, 1987	(62.2)	(28.0)
Transfer to General reserve	(200.0)	(180.0)
Transfer to Debenture Redemption Reserve	(1,150.0)	(220.0)
Closing balance	1,985.6	2,398.8
Total	14,636.3	13,272.3

4.1 Pursuant to Section 117C of the Companies Act, 1956 read with circular issued by the Ministry of Corporate Affairs ("MCA") the Company being an NBFC was required to create debenture redemption reserve of a value equivalent to 25% of the debentures offered through a public issue. Accordingly, ₹1,040.0 mn (Previous year ₹220.0 mn) has been transferred to debenture redemption reserve account for the financial year ended March 31, 2014. For the subsidiary IIHFL the debenture redemption reserve has been made at the rate of 25% on public as well as privately placed non convertible debentures. Accordingly, ₹110.0 mn (Previous year ₹ Nil) has been transferred to debenture redemption reserve account for the financial year ended March 31, 2014.



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5. LONG TERM BORROWINGS

₹ in Millions

Particulars	Non-Current Portion		Current Maturity	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Secured				
Term Loan from Banks (Refer Note- 5.1)	28,941.3	26,641.4	12,522.0	13,421.6
Non Convertible Debentures (Refer Note- 5.2)	22,302.2	9,756.1	4,236.2	978.6
Sub-Total	51,243.5	36,397.5	16,758.2	14,400.2
Unsecured				
Non Convertible Debentures (Refer Note- 5.3)	6,820.9	6,970.9	–	–
Amount disclosed under the head “Other current liabilities” (Refer Note- 8)	–	–	(16,758.2)	(14,400.2)
Sub-Total	6,820.9	6,970.9	–	–
Total	58,064.4	43,368.4	–	–

During the year, the Company has raised secured term loans aggregating ₹17,450.0 mn (Previous Year ₹18,250.0 mn) from various banks. The Company has also raised ₹18,372.1 mn (P.Y. ₹2,367.1 mn) by issue of secured non convertible debentures.

Note: 5.1. TERM LOANS FROM BANKS - SECURED:

₹ in Millions

Maturities	Non current					
	As at March 31, 2014			As at March 31, 2013		
	1-3 years	3 years & above	Total	1-3 years	3 years & above	Total
Rate of interest *						
11.01 % to 12.00 %	16,531.4	5,748.7	22,280.1	11,882.3	3,948.4	15,830.7
12.01 % to 13.00 %	5,088.9	1,572.3	6,661.2	7,349.3	3,461.4	10,810.7
Total	21,620.3	7,321.0	28,941.3	19,231.6	7,409.8	26,241.4

*The rate of interest for the above term loans are linked to the base rates of the banks and are subject to change from time to time. The above categorization of loans has been based on the interest rates, prevalent as on the respective reporting dates.

The above term loans are secured by way of first pari passu charge over the current assets in the form of Receivables, Book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged. Out of the total loans from Banks, loans amounting to ₹39,613.3 mn are also guaranteed by holding Company IIFL Holdings Limited (Formerly known as India Infoline Limited).

Note: 5.2. NON CONVERTIBLE DEBENTURES – SECURED:

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Zero Coupon Secured Redeemable Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 19-Mar-2019 at premium	60.0	–	–	–
11.00% Redeemable Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 06-Mar-2019 at par	100.0	–	–	–
Zero Coupon Secured Redeemable Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 27-Feb-2019 at premium	100.0	–	–	–
11.52% Non convertible Debenture of Face value ₹1,000 Each redeemable on 27-Dec-2018 at par	4,904.4	–	–	–
12.00% Non convertible Debenture of Face value ₹1,000 Each redeemable on 30-Sep-2018 at par	278.6	–	–	–
12.00% Non convertible Debenture of Face value ₹1,000 Each redeemable on 30-Sep-2018 at par	2,810.7	–	–	–
10.40% Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 21-Jun-2018 at par	100.0	–	–	–
10.55% Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 11-Jun-2018 at par	100.0	–	–	–
10.00% Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 24-May-2018 at par	100.0	–	–	–
11.85% Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 29-April-2017 at par	1,050.0	–	–	–

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5.2. NON CONVERTIBLE DEBENTURES – SECURED (contd...)

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Zero Coupon Secured Redeemable Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 29-Apr-2017 at premium	350.0	–	–	–
11.50 % Non-Convertible Debentures of Face value ₹10,000 Each Redeemable on 02-Mar-2017 at par	–	300.0	–	–
Equity Linked Non Convertible Debentures Series 37 of Face Value Rs 100,000 Each redeemable on 21-Nov-2016 at a price dependent on the value of the Index	56.5	–	–	–
Zero Coupon Secured Redeemable Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 17-Nov-2016 at premium	350.0	–	–	–
Equity Linked Non Convertible Debentures Series 36 of Face Value Rs 100,000 Each redeemable on 14-Nov-2016 at a price dependent on the value of the Index	104.8	–	–	–
Equity Linked Non Convertible Debentures Series 35 of Face Value Rs 100,000 Each redeemable on 02-Nov-2016 at a price dependent on the value of the Index	74.1	–	–	–
Equity Linked Non Convertible Debentures Series 34 of Face Value Rs 100,000 Each redeemable on 25-Oct-2016 at a price dependent on the value of the Index	30.5	–	–	–
Equity Linked Non Convertible Debentures Series 33 of Face Value Rs 100,000 Each redeemable on 24-Oct-2016 at a price dependent on the value of the Index	96.2	–	–	–
12.00% Non convertible Debenture of Face value ₹1,000 Each redeemable on 29-Sep-2016 at par	864.2	–	–	–
12.00% Non convertible Debenture of Face value ₹1,000 Each redeemable on 29-Sep-2016 at par	6,089.2	–	–	–
Equity Linked Non Convertible Debentures - Series I 32 of Face value ₹100,000 Each Redeemable on 03-Sep-2016 at a price dependent on the value of the Index	59.0	59.0	–	–
Equity Linked Non Convertible Debentures - Series I 31 Face value ₹100,000 Each Redeemable on 02-Sep-2016 at a price dependent on the value of the Index	13.0	13.0	–	–
11.70 % Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Aug-2016 at par	200.7	201.0	–	–
11.90 % Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Aug-2016 at par	2,499.8	2,665.9	–	–
Equity Linked Non Convertible Debentures - Series I 30 of Face value ₹100,000 Each Redeemable on 15-Aug-2016 at a price dependent on the value of the Index	35.0	35.0	–	–
Equity Linked Non Convertible Debentures - Series I 29 of Face value ₹100,000 Each Redeemable on 10-Aug-2016 at a price dependent on the value of the Index	52.7	52.7	–	–
Equity Linked Non Convertible Debentures - Series I 28 of Face value ₹100,000 Each Redeemable on 01-Aug-2016 at a price dependent on the value of the Index	26.7	26.7	–	–
Equity Linked Non Convertible Debentures - Series I 27 of Face value ₹100,000 Each Redeemable on 25-Jul-2016 at a price dependent on the value of the Index	85.2	85.2	–	–
Equity Linked Non Convertible Debentures - Series I 26 of Face value ₹100,000 Each Redeemable on 18-Jul-2016 at a price dependent on the value of the Index	148.4	148.4	–	–
Equity Linked Non Convertible Debentures - Series I 25 of Face value ₹100,000 Each Redeemable on 07-Jul-2016 at a price dependent on the value of the Index	144.5	155.5	–	–



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5.2. NON CONVERTIBLE DEBENTURES – SECURED (contd...)

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Equity Linked Non Convertible Debentures - Series I 24 of Face value ₹100,000 Each Redeemable on 04-Jul-2016 at a price dependent on the value of the Index	388.9	439.0	–	–
Equity Linked Non Convertible Debentures - Series I 23 of Face value ₹100,000 Each Redeemable on 01-Jul-2016 at a price dependent on the value of the Index	28.5	28.5	–	–
Equity Linked Non Convertible Debentures - Series I 22 of Face value ₹100,000 Each Redeemable on 27-Jun-2016 at a price dependent on the value of the Index	175.0	216.5	–	–
Equity Linked Non Convertible Debentures - Series I 21 of Face value ₹100,000 Each Redeemable on 21-Jun-2016 at a price dependent on the value of the Index	86.4	88.9	–	–
Equity Linked Non Convertible Debentures - Series I 20 of Face value ₹100,000 Each Redeemable on 18-Jun-2016 at a price dependent on the value of the Index	289.2	318.7	–	–
11.70% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 27-Jul-2015 at premium	100.0	100.0	–	–
11.70% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 27-Jul-2015 at premium	150.0	150.0	–	–
Zero Coupon Secured Redeemable Non convertible Debenture of Face value ₹1,000,000 Each redeemable on 22-Apr-2015 at premium	200.0	–	–	–
11.50 % Non-Convertible Debentures of Face value ₹10,000 Each Redeemable on 29-Jan-2015 at premium	–	225.0	225.0	–
11.70 % Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 17-Dec-2014 at premium	–	299.7	285.2	–
11.35 % Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 28-Nov-2014 at par	–	150.0	150.0	–
Equity Linked Non-Convertible Debentures Series I-019 of Face value ₹100,000 Each Redeemable on 18-Oct-2014 at a price dependent on the value of the Index	–	41.0	41.0	–
Equity Linked Non-Convertible Debentures Series I-018 of Face value ₹100,000 Each Redeemable on 18-Oct-2014 at a price dependent on the value of the Index	–	77.5	77.5	–
12.25% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 15-Oct-2014 at premium	–	300.0	300.0	–
Equity Linked Non-Convertible Debentures Series I-015 of Face value ₹100,000 Each Redeemable on 13-Oct-2014 at a price dependent on the value of the Index	–	15.4	15.4	–
Equity Linked Non-Convertible Debentures Series I-014 of Face value ₹100,000 Each Redeemable on 13-Oct-14 at a price dependent on the value of the Index	–	32.0	27.0	–
Equity Linked Non-Convertible Debentures Series I-016 of Face value ₹100,000 Each Redeemable on 13-Oct-2014 at a price dependent on the value of the Index	–	38.5	38.5	–
11.70 % Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Aug-2014 at par	–	3,417.4	3,001.1	–
Equity Linked Non-Convertible Debentures Series I-017 of Face value ₹100,000 Each Redeemable on 13-May-2014 at a price dependent on the value of the Index	–	75.5	75.5	–
Equity Linked Non-Convertible Debentures Series I-012 of Face value ₹100,000 Each Redeemable on 29-Jul-2013 at a price dependent on the value of the Index	–	–	–	51.5
Equity Linked Non-Convertible Debentures Series I-003 of Face value ₹100,000 Each Redeemable on 09-May-2013 at a price dependent on the value of the Index	–	–	–	30.0

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5.2. NON CONVERTIBLE DEBENTURES – SECURED (contd...)

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Equity Linked Non-Convertible Debentures Series I-001 of Face value ₹100,000 Each Redeemable on 05-May-2013 at a price dependent on the value of the Index	–	–	–	37.1
Equity Linked Non-Convertible Debentures Series I-002 of Face value ₹100,000 Each Redeemable on 05-May-2013 at a price dependent on the value of the Index	–	–	–	35.0
Equity Linked Non-Convertible Debentures Series I-006 of Face value ₹100,000 Each Redeemable on 29-Apr-2013 at a price dependent on the value of the Index	–	–	–	11.0
8.00 % Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 20-Apr-2013 at par	–	–	–	734.0
12.20 % Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 16-Apr-2013 at premium	–	–	–	80.0
Total	22,302.2	9,756.1	4,236.2	978.6

The above debentures are secured by way of registered mortgage and or charge over immoveable property and/or current assets, book debts, receivables (both present and future) and other assets of the Company. Debentures outstanding as on March 31, 2014, amounting to ₹ Nil/- (Previous year ₹734.0 mn) are secured by way of exclusive charge on certain receivables of the Company.

During the year, the Company successfully completed the public offering of secured redeemable non-convertible debentures ("NCDs") aggregating to ₹10,500.0 mn (the "Issue"). These NCDs are listed and traded on the National Stock Exchange of India Limited and BSE Limited. The Company has utilized the entire proceeds of NCD public issue for the stated purposes mentioned in the final prospectus dated September 05, 2013.

During the year, the subsidiary IIHFL successfully completed the Public Offering of Secured Redeemable Non-Convertible Debentures ("NCDs") aggregating to ₹5,000 mn (the "Issue"). These NCDs are listed and traded on the National Stock Exchange and BSE Limited. The Company has utilized the entire proceeds of NCD public issue for the stated purposes mentioned in the final prospectus dated December 02, 2013.

Note: 5.2. NON CONVERTIBLE DEBENTURES – UNSECURED:

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
12.10% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 24-May-2023 at par	100.0	–	–	–
12.20% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 04-Nov-2022 at par	230.0	230.0	–	–
12.15% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 31-Aug-2022 at par	50.0	50.0	–	–
12.15% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 31-Aug-2022 at par	150.0	150.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2019 (SBMIB VI – 7 years) at par	0.0	0.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2019 (SBMIB VII – 7 years) at par	0.3	0.3	–	–
12.00 % Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 28-Mar-2019 at par *	–	250.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 02-Mar-2019 (SBMIB V – 7 years) at par	0.1	0.1	–	–
12.00 % Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 27-Feb-2019 at par *	750.0	750.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 23-Feb-2019 (SBMIB IV – 7 years) at par	0.5	0.5	–	–
11.50% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 20-Feb-2019 at premium *	500.0	500.0	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2019 (SBMIB II – 7 years) at par	0.0	0.0	–	–



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 5.2. NON CONVERTIBLE DEBENTURES – UNSECURED (contd...)

₹ in Millions

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2019 (SBMIB III – 7 years) at par	0.2	0.2	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Jan-2019 (SBMIB I – 7 years) at par	1.2	1.2	–	–
12.75% Non-Convertible Debentures series N7 of Face value ₹1,000 Each Redeemable on 17-Sep-2018 at premium	451.1	451.1	–	–
12.75% Non-Convertible Debentures series N6 of Face value ₹1,000 Each Redeemable on 17-Sep-2018 at par	600.4	600.4	–	–
12.75% Non-Convertible Debentures series N5 of Face value ₹1,000 Each Redeemable on 17-Sep-2018 at par	3,948.5	3,948.5	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 04-Apr-2018 (SBDB VI – 6 years) at premium	1.8	1.8	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2018 (SBDB IV – 6 years) at premium	1.4	1.4	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2018 (SBDB V – 6 years) at premium	1.8	1.8	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 01-Mar-2018 (SBDB III – 6 years) at premium	2.4	2.4	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2018 (SBDB II – 6 years) at premium	2.5	2.5	–	–
12.25% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 23-Jan-2018 (SBDB I – 6 years) at premium	3.7	3.7	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2017 (SBMIB VII – 5 years) at par	2.3	2.3	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 30-Mar-2017 (SBMIB VI – 5 years) at par	3.2	3.2	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 02-Mar-2017 (SBMIB V – 5 years) at par	3.1	3.1	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 23-Feb-2017 (SBMIB IV – 5 years) at par	3.8	3.8	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2017 (SBMIB II – 5 years) at par	3.3	3.3	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 07-Feb-2017 (SBMIB III – 5 years) at par	4.8	4.8	–	–
12.75% Non-Convertible Debentures of Face value ₹1,000 Each Redeemable on 18-Jan-2017 (SBMIB I – 5 years) at par	4.3	4.3	–	–
Total	6,820.9	6,970.9	–	–

*For these non convertible debentures, the company has a call option, after 5 years from the date of allotment subject to prior approval from the Reserve Bank of India for redemption. These non convertible debentures do not have any put option.

Note: 6. PROVISIONS

₹ in Millions

Particulars	Short-term		Long-term	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Provision for employee benefit				
Provision for leave encashment	5.9	5.4	19.5	18.3
Provision for gratuity (Refer Note- 20)	39.8	25.5	–	–
Sub-Total	45.7	30.9	19.5	18.3
Provision others				
Provision for tax (Net of Advance Tax and TDS ₹3,632.2) (P.Y ₹119.3/-)	115.0	4.3	–	–
Provision for standard assets	–	–	310.0	233.4
Provision for expenses	348.4	202.6	–	–
Sub-Total	463.4	206.9	310.0	233.4
Total	509.1	237.8	329.5	251.7

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 7. SHORT-TERM BORROWINGS

Particulars	₹ in Millions	
	March 31, 2014	March 31, 2013
Secured		
Cash credit from Banks	3,777.5	2,501.7
Sub-Total	3,777.5	2,501.7
Unsecured		
Commercial Paper & Inter Corporate Loan	23,360.0	31,995.0
Sub-Total	23,360.0	31,995.0
Total	27,137.5	34,496.7

The above secured borrowings are secured by way of first pari passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged. Out of the above secured borrowings, borrowings amounting to ₹3,747.5 mn are also guaranteed by holding Company IIFL Holdings Limited (Formerly known as India Infoline Limited)

Note: 8. OTHER CURRENT LIABILITIES

Particulars	₹ in Millions	
	March 31, 2014	March 31, 2013
Current maturities of long term borrowings (Refer Note- 5)	16,758.2	14,400.2
Sub-Total	16,758.2	14,400.2
Others		
Interest accrued but not due on borrowings	2,054.4	1,420.0
Payables on account of assignment / securitization transactions	334.9	376.9
Payable to group company (Refer Note- 36)	2.9	–
Temporary overdrawn Bank balance as per books	371.4	114.8
Advances from customers	593.1	491.5
Payables to vendors for health care loans	602.9	800.7
Contractually reimbursable expenses	155.6	57.8
Income received in advance	70.2	38.3
Statutory remittances	43.2	107.2
Accrued salaries and benefits	181.6	208.3
NCD Public Issue Application Money*	2,122.4	–
Dividend distribution tax payable	6.9	–
Others	25.3	35.2
Sub-Total	6,564.8	3,650.7
Total	23,323.0	18,050.9

*During the year, the subsidiary successfully completed the public offering of unsecured, subordinated, redeemable, non-convertible debentures ("NCDs") aggregating to ₹2,000.0 mn (the "Issue"). The subsidiary has allotted the same on 3rd April 2014.

Note: 9. TANGIBLE ASSETS

Particulars	₹ in Millions					
	Computer	Electrical Equipment	Furniture And Fixture	Office Equipment	Premises	Total
Cost or valuation as at April 01, 2013	133.2	321.0	712.2	312.1	0.1	1,478.6
Additions	1.7	20.3	66.2	34.5	283.5	406.2
Deductions/Adjustments during the year	1.1	7.1	34.1	5.6	–	47.9
As at March 31, 2014	133.8	334.2	744.3	341.0	283.6	1,836.9
Depreciation						
Upto April 01, 2013	68.0	97.6	252.5	96.5	0.1	514.7
Depreciation	41.1	83.0	175.0	76.0	11.8	387.0
Deductions/Adjustments during the year	0.9	3.6	15.8	3.4	–	23.8
Upto March 31, 2014	108.2	177.0	411.7	169.1	11.9	877.9
Net Block as at March 31, 2014	25.6	157.2	332.5	171.9	271.8	959.0
Net Block as at March 31, 2013	65.2	223.4	459.6	215.6	0.1	963.9



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 10. INTANGIBLE ASSETS

₹ in Millions

Particulars	(Amount in ₹)
Software/Intangible assets	
Cost or valuation as at April 01, 2013	5.9
Additions	0.3
Deductions / Adjustments during the year	–
As at March 31, 2014	6.2
Amortisation	
As at April 1, 2013	5.8
Amortisation for the year	0.2
Deductions / Adjustments during the year	–
Up to March 31, 2014	6.0
Net Block as at March 31, 2014	0.2
Net Block as at March 31, 2013	0.1

Note: 11. NON – CURRENT INVESTMENTS

₹ in Millions

Particulars	Face Value	As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
Unquoted, Non-Trade, Long Term (Valued at cost)					
Investment in Equity Shares:					
Arch Pharmalabs Ltd.	10	–	–	263,028	105.2
Sub-Total (A)			–		105.2
Investment in Non Convertible Debentures:					
Add Albatross Properties Pvt Ltd	100,000	–	–	1,250	124.8
Add Albatross Properties Pvt Ltd.- (Series B)	100,000	–	–	1,250	125.0
Arch Agro Industries Ltd.	10,000	13,073	130.7	–	–
Assotech Ltd.	100,000	4,160	416.0	–	–
Galleria Developers Pvt Ltd- (Series C)	100,000	–	–	1,300	130.0
K.R.Mali Builder & Developers Pvt. Ltd.	100,000	–	–	1,000	99.7
Neptune Developers Ltd	100,000	800	80.0	1,200	120.0
Pratibha Impex Pvt. Ltd.	100,000	100	10.3	–	–
Roseberry Developers Pvt. Ltd.	100,000	3,200	320.0	–	–
Roseberry Developers Pvt. Ltd.- (Series B)	100,000	4,500	450.0	–	–
Ruchi Priya Developers Pvt. Ltd.	100,000	6,000	600.0	–	–
Sankalp Siddhi Developers Pvt Ltd	100,000	3,011	301.1	7,600	760.0
Shambhavi Realty Pvt Ltd	100,000	6,074	607.4	8,114	811.4
Shanders Properties Pvt. Ltd.	100,000	–	–	3,500	350.0
Sheth Buildwell Pvt Ltd	100,000	51	5.1	51	5.1
Sumit Realty Pvt. Ltd.	100,000	1,050	105.0	3,675	367.5
Sutlej Housing Pvt. Ltd.	100,000	1,000	100.0	–	–
Transcon Properties Pvt Ltd	100,000	–	–	8,500	850.0
Sub-Total (B)			3,125.6		3,743.5
Total (A+B) {I}			3,125.6		3,848.7
Market Linked Debenture					
Reliance Capital Ltd.*	100,000	448	44.8	448	44.8
Sub-Total {II}			44.8		44.8
Grand Total {I+II}			3,170.4		3,893.5

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 12. DEFERRED TAX ASSETS

The company has recognized Deferred Tax Assets since the management is reasonably/virtually certain of its profitable operations in future. As per Accounting Standard 22 'Accounting for Taxes on Income', the timing differences mainly relates to following items and results in a net deferred tax asset:

Particulars	₹ in Millions	
	March 31, 2014	March 31, 2013
On Depreciation	149.2	80.9
On Gratuity/leave encashment	13.6	8.3
On Provision for doubtful debts	245.6	131.6
On Provision for standard assets	105.3	72.1
On Short term capital loss	–	21.5
Total	513.7	314.4

Note: 13. LOANS & ADVANCES

Particulars	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Loans				
– Secured, considered good	38,590.6	31,474.1	62,962.3	56,097.2
– Secured, considered doubtful	531.8	157.4	385.7	291.7
– Unsecured, considered good	–	5.4	–	7.5
Less : Provision for doubtful loans	(153.5)	(56.2)	(423.2)	(244.6)
Sub-Total	38,968.9	31,580.7	62,924.8	56,151.8
Dues from customers				
– Secured, considered good	–	–	4,511.5	4,240.8
– Secured, considered doubtful	–	–	21.5	9.6
–Unsecured, considered good	–	–	17.8	7.2
Deposits given	179.5	211.8	200.0	–
Deposits with exchanges	–	25.0	90.0	–
Capital advances				
– Secured	–	282.1	–	–
– Unsecured	12.1	16.6	–	–
Advance Income tax (Net of provisions)	–	47.5	–	–
Sub-Total	191.6	583.0	4,840.8	4,257.6
Total	39,160.5	32,163.7	67,765.6	60,409.4

Note: 14. OTHER ASSETS

Particulars	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Unamortised debenture issue expenses	253.3	121.6	108.7	72.6
Prepaid expenses	–	4.3	430.6	788.6
Service Tax input credit receivable	–	–	41.0	63.5
Staff loans	–	–	0.6	0.5
Others	–	–	302.9	133.1
Total	253.3	125.9	883.8	1,058.3

Note: 15. CURRENT INVESTMENTS (Valued at Cost or Market Value whichever is lower unless stated otherwise)

Particulars	Face Value	As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
Quoted, Trade, Current					
Bonds:					
8.10% HUDCO -2022	1,000	2,000	1.9	–	–
8.41% IIFCL -2024	1,000	15,000	15.2	–	–
8.48% IIFCL -2028	1,000,000	21	21.7	–	–
8.48% IRFC -2028	1,000,000	50	51.4	–	–
8.50% NHAI -2029	1,000	15,000	15.0	–	–
8.63% NHB -2029	5,000	7,524	38.3	–	–



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 15. CURRENT INVESTMENTS (contd...)

₹ in Millions

Particulars	Face Value	As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
8.41% NTPC -2023	1,000	8,422	8.6	—	—
8.67% PFC -2023	1,000	44,000	45.2	—	—
Sub-Total (A)			197.3		—
Government Securities:					
8.15% Government Security – 2022	—	—	—	6,000,000	600.0
7.16% Government Security – 2023	100	5,000,000	450.5	—	—
Less: Provision for diminution in the value of Investment (Refer Note-24)			(11.8)		—
Sub-Total (B)			438.7		600.0
Mutual Fund:					
HDFC FMP SR 30	10	42,300,000	423.0	—	—
HDFC FMP SR 27	10	5,097,100	52.9	—	—
Pramerica Fixed Duration Fund SR 5	1,000	40,000	43.8	—	—
Sub-Total (C)			519.7		—
Non Convertible Debentures					
IIFL Unsecured NCD-Series N5	1,000	205,400	205.4	—	—
Sub-Total (D)			205.4		—
Total Quoted Investment (A+B+C+D) {I}			1,361.1		600.0
Unquoted , Non- Trade, Current					
Mutual Fund:					
Axis Mutual Fund	1,000	—	—	385,045	500.0
Canara Robeco Mutual Fund	1,000	—	—	105,271	150.0
DSP Black Rock Mutual Fund	1,000	—	—	29,815	50.0
DWS Ultra Short Term Fund *	10	46,634,954	700.0	—	—
ICICI Prudential Mutual Fund	100	—	—	2,885,519	500.0
ICICI Prudential Liquid Fund	100	—	—	—	130.0
IIFL Short Term Income Fund	10	1000,000	10.0	—	—
JM High Liquidity Fund	10	—	—	7,825,705	250.0
Principal Mutual Fund	1,000	—	—	43,890	50.0
Union KBC Mutual Fund	1,000	—	—	42,599	50.0
Sub-Total (E)			710.0		1,680.0
Non Convertible Debentures:					
Add Albatross Properties Pvt. Ltd.	100,000	—	—	1,250	125.0
Add Albatross Properties Pvt. Ltd.-(Series B)	100,000	—	—	250	25.0
Assotech Ltd.	100,000	1,040	104.0	—	—
Ankur Energy Resources Pvt. Ltd.	100,000	—	—	—	0.0
Galleria Mall Developers Pvt. Ltd.	100,000	3,378	337.8	7,101	682.3
Galleria Mall Developers Pvt. Ltd.-(Series C)	100,000	2,285	228.6	600	60.0
K.R.Mali Builder & Developers Pvt. Ltd.	100,000	—	—	2,000	200.0
Neptune Developers Ltd.	100,000	800	80.0	800	80.0
Pratibha Impex Pvt. Ltd.	100,000	307	30.7	—	—
Roseberry Developers Pvt. Ltd.-(Series B)	100,000	500	50.0	—	—
Roseberry Developers Pvt. Ltd.	100,000	800	80.0	—	—
Sankalp Siddhi Developers Pvt. Ltd.	100,000	3,157	315.8	1,900	190.0
Satra Properties (India) Ltd.	100,000	—	—	5,164	516.4
Sheth Developers Pvt. Ltd.	—	—	—	—	0.7
Sumit Realty Pvt. Ltd.	100,000	3,150	315.0	525	52.5
Vijay Associates (Wadhwa) Construction Pvt. Ltd.	53,360	—	—	5,331	47.8
Wadhwa constructions and Infrastructures Pvt. Ltd.	100,000	5,000	500.0	—	—
Wadhwa Group Holdings Pvt. Ltd.	100,000	11,500	1,150.0	—	—
Sub-Total (F)			3,191.9		1,979.7
Others:					
Secured Redeemable- Option I: 11.7% p.a.		—	—	—	110.0
Secured Redeemable- Option III – Reserved & Unreserved: 11.9% p.a. **		—	—	—	0.1
Sub-Total (G)			—		110.1

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 15. CURRENT INVESTMENTS (contd...)

₹ in Millions

Particulars	Face Value	As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
Unquoted , Trade ,Current					
Mutual Funds:					
JP Morgan Mutual Fund	10	9,307,871	97.8	–	–
IIFL Income Opportunities Fund	10	8,530,293	85.6	–	–
Sub-Total (H)			183.4		
Preference Shares:					
16.06% IL & F S Ltd.	7,500	2,256	28.2	–	–
Sub-Total (I)			28.2	–	–
Total Unquoted Investment (E+F+G+H+I) {II}			4,113.5		3,769.8
Grand Total {I+II}			5,474.6		4,369.8
Aggregate cost of quoted mutual fund units			519.7		–
NAV of quoted mutual fund units			521.6		–
Aggregate cost of quoted investments			1,361.1		600.0
Aggregate market value of quoted Investments			1,376.9		607.6
Aggregate cost of unquoted Investments			4,113.5		3,769.8

(*) Investment in units of DWS Mutual Fund made by the Company is subject to pledge/lien of Deutsche Bank for Overdraft facility provided to IIFL Realty Ltd, the fellow subsidiary.

(**) These debentures were under extinguishment process on the balance sheet date.

Note: 16. INVENTORIES (Valued at lower of cost or net realisable value)

₹ in Millions

Particulars		As at March 31, 2014		As at March 31, 2013	
		Number	Amount	Number	Amount
Options *	Strike Price				
Nifty Call 27-06-2013	5,200	–	–	12,950	5.1
Nifty Call 26-06-2014	4,500	13,550	15.5	13,550	15.5
Nifty Call 26-06-2014	4,600	9,000	10.6	9,000	4.9
Nifty Call 26-06-2014	6,500	(10,000)	(2.9)	(10,000)	(2.9)
Sub-Total			23.2		22.6
Non convertible Debentures *	Face Value				
Equity linked Non convertible Debentures of Macquarie Finance (India) Pvt. Ltd.	100,000	473	47.3	473	47.3
Sub-Total			47.3		47.3
Total			70.5		69.9
Aggregate market value			133.8		72.3

*Held to cover possible payout in respect of certain structured products issued by the Company.

Note: 17. CASH AND BANK BALANCES

₹ in Millions

Particulars	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Cash and Cash Equivalents				
Cash on hand	–	–	225.8	1,282.8
Balances with Banks:				
- In Current Accounts	–	–	6,392.6	4,741.5
Sub-Total	–	–	6,618.4	6,024.3
Other Bank Balances				
- Fixed deposits pledged with bank as margin for Credit enhancement / guarantees for credit enhancement / lien against loans taken	–	–	1,438.3	2,079.7
- Fixed deposits with banks with residual maturity less than twelve months	–	–	58.6	500.7
- Fixed Deposits with maturity more than twelve months	–	–	–	54.3
Sub-Total	–	–	1,496.9	2,634.7
Total	–	–	8,115.3	8,659.0



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 17.1

Out of total fixed deposits of ₹1,496.9 mn, fixed deposits amounting to ₹1,438.4 mn has been lien marked/pledged. Out of the total lien marked fixed deposits, ₹852.8 mn has been pledged with Banks as margin for credit enhancement, ₹520.4 mn has been Lien marked against overdraft out of which ₹150.0 mn has been lien marked in favour of IIFL Realty Limited and ₹200.0 mn in favour of India Infoline Insurance Brokers Limited, ₹30.2 mn has been Lien marked against Term Loan and ₹35.0 mn has been lien marked against bank guarantee.

Note: 18. REVENUE FROM OPERATIONS

Particulars	₹ in Millions	
	2013-2014	2012-2013
Income from financing activities	18,137.7	16,408.0
Profit from sale of investments (Net)	269.3	63.4
Dividend Income	83.6	62.7
Total	18,490.6	16,534.1

Note: 19. OTHER INCOME

Particulars	₹ in Millions	
	2013-2014	2012-2013
Processing fee	492.7	340.8
Interest on fixed deposits	86.7	96.7
Administration fee & other charges from customer	207.9	153.7
Miscellaneous income	426.1	246.6
Total	1,213.4	837.8

Note: 20. EMPLOYEE BENEFIT EXPENSES

Particulars	₹ in Millions	
	2013-2014	2012-2013
Salaries	1,572.9	1,631.8
Contribution to and provision for :		
- Provident and other Funds (*)	30.0	32.1
- Leave encashment	12.7	13.5
- Gratuity	10.6	17.2
Staff welfare expenses	41.6	99.9
Total	1,667.8	1,794.5

Note: 20.1. Disclosure pursuant to Accounting Standard (AS)15 Revised "Employee Benefit" :

Assumptions	₹ in Millions	
	2013-2014	2012-2013
Discount rate	9.14%	8.50%
Salary escalation	5.00%	5.00%
Rate of return on plan assets	8.70%	8.60%
Change in Benefit Obligation		
Liability at the beginning of the year	30.4	14.5
Interest cost	2.4	1.2
Current service cost	14.4	10.0
Liability transferred in	3.8	0.0
Liability transferred out	(0.2)	(0.2)
Benefit paid	(2.4)	(0.0)
Actuarial (Gain)/ loss on obligations	(5.7)	4.9
Liability at the end of the year	42.7	30.4
Amount Recognized in the Balance Sheet		
Liability at the end of the year	(42.7)	(30.4)
Fair value of plan assets at the end of the year	2.9	4.9
Funded status (Surplus)	(39.8)	(25.5)
Net Liability/(Asset) recognized in the Balance Sheet	(39.8)	(25.5)
Expenses Recognized in the Statement of Profit & Loss		
Liability transferred in	—	—
Interest cost	2.4	1.2
Current service cost	14.4	10.0
Expected return on plan assets	(0.4)	(0.5)
Benefit paid	—	—
Actuarial (Gain) or loss	(5.8)	6.5
Expense Recognized in Statement of Profit and Loss	10.6	17.2

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

		₹ in Millions
Particulars	2013-2014	2012-2013
Balance Sheet reconciliation		
Opening net liability	25.5	8.5
Net transfer in	3.8	0.0
Net transfer out	(0.2)	(0.2)
Expenses as above	10.6	17.2
Employers contribution	(0.0)	(0.0)
Benefit paid	—	—
Net Liability/(Asset) recognized in the Balance Sheet	39.8	25.5

*Defined contribution plan:

The Company has also recognised the following amount as an expense:

		₹ in Millions
Particulars	2013-2014	2012-2013
Contribution to provident and other fund	8.9	7.4

Note: 21. FINANCE COST

		₹ in Millions
Particulars	2013-2014	2012-2013
Interest expenses	10,846.6	8,485.2
Other borrowing cost	262.5	290.8
Total	11,109.1	8,776.0

Note: 22. DEPRECIATION AND AMORTISATION EXPENSES

		₹ in Millions
Particulars	2013-2014	2012-2013
Depreciation on Tangible assets (Refer Note - 9)	387.0	339.7
Amortisation of Intangible assets (Refer Note - 10)	0.2	0.2
Total	387.2	339.9

Note: 23. OTHER EXPENSES

		₹ in Millions
Particulars	2013-2014	2012-2013
Direct operating expenses	773.7	1,102.0
Marketing expenses	442.9	288.0
Advertisement	79.3	50.6
Books and periodicals	0.9	0.8
Bank charges	109.3	90.3
Communication	82.9	98.1
Electricity charges	96.8	103.5
Exchange and statutory charges	15.9	8.4
Legal and professional fees	145.6	142.4
Office expenses	345.7	419.8
Postage and courier	38.8	20.3
Printing and stationery	76.9	53.8
Rates and Taxes	5.2	2.0
Rent	496.0	670.7
Repairs & Maintenance:		
- Computer	2.3	3.6
- Others	47.6	48.8
Remuneration to Auditors :		
- Audit fees	1.2	0.7
- Certification expenses	0.0	0.0
- Out of pocket expenses	0.0	0.1
Software charges	33.8	12.8
Subscription	0.9	0.6
Travelling and conveyance	170.3	134.7
Loss on Investment	—	130.4
Loss on sale of fixed assets	18.9	0.3
Miscellaneous expenses	3.1	15.0
Total	2,988.0	3,397.7



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 24. PROVISIONS AND WRITE OFF

Particulars	₹ in Millions	
	2013-2014	2012-2013
Bad debts written off	32.5	17.8
Provision for contingencies	43.4	55.7
Provision for diminution in the value of Investments	11.7	2.3
Provision for doubtful loans (Non performing assets)	275.9	194.8
Provision for standard loans	76.5	55.6
Total	440.0	326.2

Note: 25. BASIC AND DILUTED EARNINGS PER SHARE ["EPS"] COMPUTED IN ACCORDANCE WITH ACCOUNTING STANDARD (AS) 20 "EARNINGS PER SHARE"

STANDARD (AS) 20 “EARNINGS PER SHARE”		₹ in Millions	
Particulars		2013-2014	2012-2013
BASIC			
Profit after tax as per statement of profit and loss	A	2,104.0	1,887.2
Weighted average number of shares outstanding	B	237,154,030	237,154,030
Basic EPS (Rupees)	A/B	8.87	7.96
DILUTED			
Profit after tax as per statement of profit and loss	C	2,104.0	1,887.2
Weighted average number of shares outstanding		237,154,030	237,154,030
Add: Potential equity shares on account conversion of employees stock options.		–	4,455,000
Weighted average number of shares outstanding	D	237,154,030	241,609,030
Diluted EPS (Rupees)	C/D	8.87	7.81
Face Value per share		10.0	10.0

Note: 26.

The summary of consolidated Financial Statements represents consolidation of accounts of the Company with its following subsidiaries, all incorporated within India, as detailed below:

Subsidiary	Proportion of ownership interest	
	March 31, 2014	March 31, 2013
India Infoline Housing Finance Limited	100%	100%

Note: 27.

As of March 31, 2014, contingent liabilities not provided for are as follows:

Sr. No.	Particulars	₹ in Millions	
		March 31, 2014	March 31, 2013
(i)	In respect of Income Tax demands*	79.3	36.9
(ii)	Guarantees and Counter Guarantees	363.4	245.3
	Total	442.7	282.2

*The Company has filed appeal against the said demands raised by the department.

Note: 28.

As on the Balance Sheet date, there were outstanding commitments of Capital Expenditure of ₹39.1 mn (Net of advances) (Previous Year ₹34.9 mn), out of the total contractual obligation entered up to the end of the year.

Note: 29.

The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same have been charged to statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 180 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2014, are as under:

Minimum Lease Rentals	₹ in Millions	
	March 31, 2014	March 31, 2013
Up to one year	49.7	57.6
One to five years	2.1	1.9
Total	51.8	59.5

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2014

Note: 30.

The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company/group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the company were identified and recovered/recoverable from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

Note: 31. SEGMENT REPORTING

In the opinion of the management, there is only one reportable business segment (Financing and Investing) as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

Note: 32. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

Other Current liabilities includes ₹ Nil (Previous year: ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

Note: 33. RETURN ON ASSETS

The return on assets for the financial year 2013-2014 was 1.8% (Previous year 2.0%).

Note: 34.

During the year under review, the Company had come across frauds totaling to ₹28.1 mn (Previous year ₹130.9 mn) in respect of our lending operations. Out of the above ₹6.1 mn has already been recovered. Suitable action has been taken by the Company to recover the balance amounts.

Note: 35.

As on March 31, 2014 the gold loan portfolio comprises 30.82% (Previous year 34.40%) of the total asset of the Company.

Note: 36. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES

(a) Related parties where control exists:

Nature of relationship	Name of party
Holding Company	IIFL Holdings Limited (Formerly known as India Infoline Limited)
Direct Subsidiaries	India Infoline Housing Finance Limited
Fellow Subsidiaries	India Infoline Commodities Limited
	India Infoline Media & Research Services Limited
	IIFL Capital Limited
	India Infoline Limited (Formerly India Infoline Distribution Company Limited)
	India Infoline Insurance Services Limited
	India Infoline Insurance Brokers Limited
	IIFL Wealth Management Limited
	IIFL Realty Limited
	IIFL (Asia) Pte. Limited
	IIFL Capital Ceylon Limited *
	IIFL Securities Ceylon (Pvt.) Limited **
	IIFL Private Wealth Hong Kong Limited
	IIFL Private Wealth (Mauritius) Limited
	IIFL Private Wealth Management (Dubai) Limited
	India Infoline Commodities DMCC
	IIFL Inc
	IIFL Wealth (UK) Limited
	IIFL Capital Inc
	IIFL Private Wealth (Suisse) SA



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2013

Note: 36. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(a) Related parties where control exists:

Nature of relationship	Name of party
Group Companies	IIFL Distribution Services Private Limited (Formerly Finest Wealth Managers Private Limited)
	IIFL Investment Advisor and Trustee Services Limited (Formerly known as IIFL Trustee Services Limited)
	IIFL Capital Pte. Limited
	IIFL Securities Pte Limited
	India Infoline Trustee Company Limited
	India Infoline Asset Management Company Limited
Key Managerial Personnel	IIFL Alternate Asset Advisors Limited
	Nirmal Jain
	R. Venkataraman
Other related parties:	Mukesh Kumar Singh
	Madhu Jain (wife of Mr. Nirmal Jain)
	Aditi Venkataraman (Wife of Mr. R Venkataraman)
	India Infoline Foundation

* IIFL Capital Ceylon Limited was related party up to 20th March 2014.

**IIFL Securities Ceylon (Pvt.) Limited was related party up to 30th December 2013.

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Management Personnel	Total
Interest Income					
India Infoline Limited	–	0.8	–	–	0.8
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(4.9)	–	–	–	(4.9)
IIFL Wealth Management Limited	–	50.9	–	–	50.9
	–	(3.8)	–	–	(3.8)
India Infoline Media and Research Services Limited	–	–	–	–	–
	–	(7.1)	–	–	(7.1)
IIFL Realty Limited	–	–	–	–	–
	–	(179.2)	–	–	(179.2)
India Infoline Commodities Limited	–	–	–	–	–
	–	(20.5)	–	–	(20.5)
IIFL Distribution Services Private Limited	–	–	1.3	–	1.3
	–	–	–	–	–
Interest Expense					
India Infoline Limited	–	0.4	–	–	0.4
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(124.8)	–	–	–	(124.8)
IIFL Wealth Management Limited	–	0.0	–	–	0.0
	–	–	–	–	–
India Infoline Commodities Limited	–	0.8	–	–	0.8
	–	–	–	–	–
India Infoline Insurance Brokers Limited	–	–	–	–	–
	–	(0.0)	–	–	(0.0)
India Infoline Distribution Company Limited	–	–	–	–	–
	–	(0.8)	–	–	(0.8)
Marketing Fees Income					
India Infoline Media and Research Services Limited	–	–	–	–	–
	–	(101.2)	–	–	(101.2)
India Infoline Insurance Brokers Limited	–	–	–	–	–
	–	(126.0)	–	–	(126.0)

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2013

Note: 36. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Management Personnel	Total
Referral Fees Income					
IIFL Wealth Management Limited.	–	69.6	–	–	69.6
	–	(18.1)	–	–	(18.1)
Arranger/ Management/ Marketing Support/ Processing Fees/ Advisory Expenses/ Referral Fees					
India Infoline Limited	–	1.0	–	–	1.0
	–	–	–	–	–
India Infoline Media and Research Services Limited	–	34.8	–	–	34.8
	–	(101.2)	–	–	(101.2)
IIFL Wealth Management Limited	–	50.3	–	–	50.3
	–	(98.9)	–	–	(98.9)
IIFL Realty Limited	–	11.9	–	–	11.9
	–	(23.9)	–	–	(23.9)
Rent Expenses					
IIFL Realty Limited	–	8.2	–	–	8.2
	–	–	–	–	–
India Infoline Media and Research Services Limited	–	–	–	–	–
	–	(101.2)	–	–	(101.2)
Debenture Issue Expense					
India Infoline Limited	–	5.5	–	–	5.5
	–	–	–	–	–
Commission/ Brokerage Expense					
IIFL Wealth Management Limited	–	0.5	–	–	0.5
	–	–	–	–	–
India Infoline Limited	–	1.7	–	–	1.7
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(0.3)	–	–	–	(0.3)
Discount on Commercial Paper					
India Infoline Asset Management Company Limited	–	–	–	–	–
	–	–	(6.9)	–	(6.9)
Director's Remuneration					
	–	–	–	8.3	8.3
	–	–	–	(8.3)	(8.3)
Equity Dividend					
IIFL Holdings Limited	586.2	–	–	–	586.2
	(586.2)	–	–	–	(586.2)
ICD Taken					
India Infoline Limited	–	1,200.0	–	–	1,200.0
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(2,000.0)	–	–	–	(2,000.0)
India Infoline Commodities Limited	–	675.0	–	–	675.0
	–	–	–	–	–
India Infoline Insurance Brokers Limited	–	–	–	–	–
	–	(145.0)	–	–	(145.0)
ICD Returned					
India Infoline Limited	–	1,200.0	–	–	1,200.0
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(2,000.0)	–	–	–	(2,000.0)
India Infoline Commodities Limited	–	675.0	–	–	675.0
	–	–	–	–	–
India Infoline Insurance Brokers Limited	–	–	–	–	–
	–	(145.0)	–	–	(145.0)



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2013

Note: 36. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Management Personnel	Total
ICD Given					
India Infoline Limited	–	2,300.0	–	–	2,300.0
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(3,310.0)	–	–	–	(3,310.0)
India Infoline Media and Research Services Limited	–	–	–	–	–
	–	(350.0)	–	–	(350.0)
IIFL Wealth Management Limited	–	1,631.0	–	–	1,631.0
	–	(135.0)	–	–	(135.0)
IIFL Realty Limited	–	–	–	–	–
	–	(530.2)	–	–	(530.2)
IIFL Distribution Services Private Limited	–	–	300.0	–	300.0
	–	–	–	–	–
ICD Received Back					
India Infoline Limited	–	2,300.0	–	–	2,300.0
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(3,310.0)	–	–	–	(3,310.0)
India Infoline Media and Research Services Limited	–	–	–	–	–
	–	(350.0)	–	–	(350.0)
IIFL Wealth Management Limited	–	1,631.0	–	–	1,631.0
	–	(135.0)	–	–	(135.0)
IIFL Realty Limited	–	–	–	–	–
	–	(2,474.9)	–	–	(2,474.9)
India Infoline Commodities Limited	–	–	–	–	–
	–	(500.0)	–	–	(500.0)
IIFL Distribution Services Private Limited	–	–	300.0	–	300.0
	–	–	–	–	–
Advance Taken (#)					
India Infoline Limited	–	7.0	–	–	7.0
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(3,428.1)	–	–	–	(3,428.1)
India Infoline Commodities Limited	–	450.0	–	–	450.0
	–	–	–	–	–
India Infoline Distribution Company Limited	–	–	–	–	–
	–	(38.8)	–	–	(38.8)
Advance Returned (#)					
India Infoline Limited	–	7.0	–	–	7.0
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(3,428.1)	–	–	–	(3,428.1)
India Infoline Commodities Limited	–	450.0	–	–	450.0
	–	–	–	–	–
India Infoline Distribution Company Limited	–	–	–	–	–
	–	(38.8)	–	–	(38.8)
Advance Given (#)					
IIFL Holdings Limited	–	–	–	–	–
	(154.9)	–	–	–	(154.9)
IIFL Realty Limited	–	–	–	–	–
	–	(150.0)	–	–	(150.0)
India Infoline Commodities Limited	–	–	–	–	–
	–	(6.0)	–	–	(6.0)
IIFL Distribution Services Private Limited	–	–	–	–	–
	–	–	(11.4)	–	(11.4)

Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2013

Note: 36. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Management Personnel	Total
Advance Received Back (#)					
IIFL Holdings Limited	–	–	–	–	–
	(154.9)	–	–	–	(154.9)
IIFL Realty Limited	–	–	–	–	–
	–	(150.0)	–	–	(150.0)
India Infoline Commodities Limited	–	–	–	–	–
	–	(6.0)	–	–	(6.0)
IIFL Distribution Services Private Limited	–	–	–	–	–
	–	–	(11.4)	–	(11.4)
Issuance of Commercial Paper					
India Infoline Asset Management Company Limited	–	–	–	–	–
	–	–	(83.1)	–	(83.1)
Repayment of Commercial Paper					
India Infoline Asset Management Company Limited	–	–	–	–	–
	–	–	(90.0)	–	(90.0)
Purchase of Fixed Assets					
India Infoline Media and Research Services Limited	–	–	–	–	–
	–	(331.9)	–	–	(331.9)
Preference Share Allotment (**)					
India Infoline Limited	–	1,350.0	–	–	1,350.0
	–	–	–	–	–
Sale of Investment (Net)					
IIFL Holdings Limited	–	–	–	–	–
	(85.1)	–	–	–	(85.1)
Purchase of Investment (Net)					
India Infoline Limited	–	1,389.5	–	–	1,389.5
	–	–	–	–	–
Allocation / Reimbursement of expenses paid					
India Infoline Limited	–	356.7	–	–	356.7
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(806.6)	–	–	–	(806.6)
India Infoline Media and Research Services Limited	–	–	–	–	–
	–	(47.5)	–	–	(47.5)
India Infoline Insurance Brokers Limited	–	–	–	–	–
	–	(52.3)	–	–	(52.3)
Allocation / Reimbursement of expenses paid others					
India Infoline Limited	–	41.0	–	–	41.0
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(73.0)	–	–	–	(73.0)
India Infoline Media and Research Services Limited	–	23.4	–	–	23.4
	–	(29.7)	–	–	(29.7)
India Infoline Insurance services Limited	–	0.0	–	–	0.0
	–	–	–	–	–
IIFL Wealth Management Limited	–	2.6	–	–	2.6
	–	–	–	–	–
India Infoline Asset Management Company Limited	–	–	0.0	–	0.0
	–	–	–	–	–



Consolidated Financial Statements of India Infoline Finance Limited

Notes forming part of financial statement for the year ended March 31, 2013

Note: 36. DISCLOSURES IN RESPECT OF APPLICABILITY OF AS – 18 RELATED PARTY DISCLOSURES (contd...)

(b) Significant Transaction with Related Parties:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Management Personnel	Total
Allocation / Reimbursement of expenses received					
IIFL Wealth Management Limited	–	0.1	–	–	0.1
	–	–	–	–	–
India Infoline Limited	–	4.1	–	–	4.1
	–	–	–	–	–
IIFL Holdings Limited	–	–	–	–	–
	(262.0)	–	–	–	(262.0)
India Infoline Insurance Brokers Limited	–	0.0	–	–	0.0
	–	–	–	–	–
IIFL Realty Limited	–	0.0	–	–	0.0
	–	–	–	–	–
India Infoline Media and Research Services Limited	–	–	–	–	–
	–	(0.9)	–	–	(0.9)

Figures in bracket represent previous year's figure.

#Represents maximum amount outstanding at any time during the year.

**6 % Convertible Preference Shares of ₹10 each, amounting ₹1,350.0 mn was allotted to IIFL Holdings Limited (Formerly known as India Infoline limited) which has subsequently been purchased by India Infoline Finance Limited

(c) Closing balance:

₹ in Millions

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Management Personnel	Total
Sundry Payable					
IIFL Realty Limited	–	2.8	–	–	2.8
	–	–	–	–	–
Collateral Given (On behalf of)					
IIFL Realty Limited	–	850.0	–	–	850.0
	–	–	–	–	–
IIFL Insurance Brokers Limited	–	200.0	–	–	200.0
	–	–	–	–	–

Note: 37.

Figures pertaining to subsidiary companies have been reclassified wherever necessary to bring them in line with parent company's financial statements.

Note: 38.

Previous year's figures are regrouped and rearranged, wherever necessary.

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

Firm's Registration No.109983W

By the hand of

Parthiv S. Desai

Partner

Membership No.: (F) 042624

Place : Mumbai

Dated: May 13, 2014

For and on behalf of the Board of Directors
of India Infoline Finance Limited

Nirmal Jain

Director

Mukesh Kumar Singh

Executive Director

Manish Mishra

Company Secretary

NOTES

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. V K Chopra - *Chairman & Independent Director*
Mr. Nirmal Jain - *Whole Time Director*
Mr. R. Venkataraman - *Non Executive Director*
Mr. Nilesh Vikamsey - *Independent Director*
Mr. M N Singh - *Independent Director*
Mr. Sunil Kaul - *Non Executive Director*
Mr. Mukesh Kumar Singh - *Executive Director*

COMMITTEE OF BOARD

Audit Committee

Mr. Nilesh Vikamsey - *Chairman, Independent Director*
Mr. M N Singh - *Independent Director*
Mr. Sunil Kaul - *Non Executive Director*

Nomination Committee

Mr. M N Singh - *Independent Director*
Mr. Nilesh Vikamsey - *Independent Director*
Mr. Nirmal Jain - *Whole Time Director*
Mr. R Venkataraman - *Non Executive Director*

Risk Management Committee

Mr. V K Chopra - *Independent Director*
Mr. Nilesh Vikamsey - *Independent Director*
Mr. Nirmal Jain - *Whole Time Director*
Mr. Sunil Kaul - *Non Executive Director*
Mr. Amit Mehendale - *Chief Financial Officer*

Assets and Liability Committee

Mr. V K Chopra - *Independent Director*
Mr. Sunil Kaul - *Non Executive Director*
Mr. Nirmal Jain - *Whole Time Director*
Mr. Amit Mehendale - *Chief Financial Officer*

CHIEF FINANCIAL OFFICER

Mr. Amit Mehendale

COMPANY SECRETARY

Mr. Manish Mishra

CORE MANAGEMENT TEAM

Mr. Mukesh Kumar Singh - *Executive Director*
Ms. Pratima Ram - *Chief Executive Officer*
Mr. Mohan Radhakrishnan - *Chief Compliance Officer*
Mr. Pallab Mukherji - *Head - Human Resources*
Mr. Dolfie Barboza - *Head - Commercial Vehicle Finance*
Mr. Anand Barua - *Head - Underwriting*
Ms. Priya Kashyap - *Head - Credit Policy & Risk Officer*
Mr. S. Venu - *Head - Operations*
Mr. Shailendra Singh - *Head - Healthcare Finance*
Mr. Amarnath B S - *Treasurer*
Mr. N Kumar - *Vice President - Internal Audit*
Mr. Abizer Motiwala - *Head - LAS*

AUDITORS

M/s Sharp & Tannan Associates - Chartered Accountants

INTERNAL AUDITORS

M/s Ernst & Young

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400078

REGISTERED AND CORPORATE OFFICE

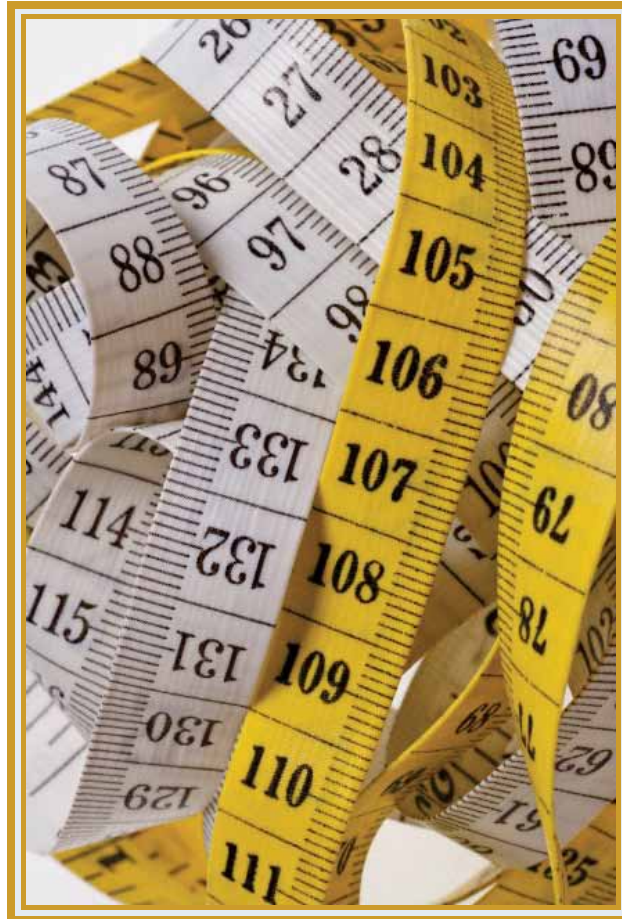
12A-10, 13th Floor, Parinee Crescenzo, C-38 & 39, G-Block
Bandra Kurla Complex, Bandra (East), Mumbai - 400 051

BANKERS

Allahabad Bank
Andhra Bank
Axis Bank Ltd
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Citibank N.A.
Corporation Bank
Dena Bank
Development Credit Bank Ltd
HDFC Bank Ltd
ICICI Bank Ltd
IDBI Bank Ltd
Indian Overseas Bank
Indusind Bank Ltd.
ING Vysya Bank Ltd
Karur Vysya Bank
Jammu & Kashmir Bank
Oriental Bank of Commerce
Punjab & Sind Bank
Punjab National Bank
Small Industries Development Bank of India
Standard Chartered Bank
Syndicate Bank Ltd
Union Bank of India
UCO Bank
Vijaya Bank
Yes Bank Ltd

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. India Infoline does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.



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