IIFL FINANCE

Sapno Ko Sach Karne Ka Seedha Rasta

28th Annual Report

2022-23

IIFL FINANCE LIMITED

ABOUT THE REPORT

Basics of reporting

The implementation of integrated reporting enables us to consolidate essential information and facts pertaining to our Company's strategy, governance, performance, prospects, accomplishments, and prospective trajectory, within the framework of People, Planet, and Profit. Our Integrated Report endeavors to articulate our narrative of value preservation and creation, and is germane to all stakeholders. It is pivotal to promote integrated thinking within IIFL Finance.

Approach to reporting

We have developed the report for IIFL Finance Limited (hereafter referred to as 'our Company' or 'IIFL Finance') in accordance with the Value Reporting Foundation (VRF) principles of Integrated Reporting <IR>, with the objective of enhancing transparency for all stakeholders. The report offers comprehensive information on our operational milieu, strategy, significant challenges, risks and opportunities, engagement with stakeholders, and approach to long-term sustainability, including integrated value generation across six capitals, both financial and non-financial.

Reporting period, scope and boundary

The reporting period for this Integrated Report is from April 1, 2022, to March 31, 2023. It includes an overview of our operations, business segments and key focus strategies. The Report covers the operations of IIFL Finance along with its subsidiaries: IIFL Home Finance Limited (hereafter referred to as 'IIFL Home Finance' or 'IIFL HFL') and IIFL Samasta Finance Limited (hereafter referred to as 'IIFL Samasta').

Reporting principles

This Integrated Report has adopted the capital accounting methodology as prescribed by the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> framework. The Statutory Reports, which include the Directors' Report, Management Discussion and Analysis (MD&A), Corporate Governance Report, and Business Responsibility and Sustainability Report, are in accordance with the Companies Act of 2013, the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations of 2015, and the prescribed Secretarial Standards.

Target audience

The target audience for this Integrated Report typically includes a range of stakeholders such as shareholders, investors, analysts, financial institutions, customers, employees, business partners, regulatory bodies, and the broader public. These stakeholders are interested in our Company's financial and non-financial performance, overall strategy, risks, opportunities, and outlook. They also seek transparency, accountability, and assurance that our Company is operating in an ethical and sustainable manner. As such, the annual report should be written in a clear, concise, and accessible manner, while providing relevant and reliable information to cater to the diverse needs of its target audience.

6 Capitals

- FINANCIAL CAPITAL
- PHYSICAL CAPITAL
- INTELLECTUAL CAPITAL
- HUMAN CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- NATURAL CAPITAL

Our Strategic Imperatives

- S1 ENHANCING SHAREHOLDER VALUE
- S2 GROWING THROUGH CO-LENDING
- S3 MAINTAINING HEALTHY ASSET QUALITY
- S4 OPTIMIZING OUR BRANCH NETWORK
- S5 RESPONSIBLE FINANCING
- S6 LEVERAGING DIGITAL
- S7 MAXIMIZING CROSS-SELL OPPORTUNITIES

Approach to materiality

The Integrated Report furnishes a comprehensive summary of our business operations and associated endeavors which aid in generating sustainable value in the long run. Additionally, the report delves into a number of significant factors that might significantly impact our Company's potential to generate value, and the corresponding steps taken to alleviate these issues.

Internal control framework and assessment

The Board of Directors of IIFL Finance Limited, in conjunction with the backing of the Audit Committee, bears the ultimate accountability for our Company's internal control systems. The systems are intended to identify, assess, handle, and offer reasonable assurance against the likelihood of material misstatement and loss. Our assurance model is predicated on inputs from internal assurance providers, in addition to management, and is augmented by a robust ethical framework and compliance protocols. By means of the Risk Policy and the strategic goals of the risk management framework sanctioned by the Board, our Management ascertains the principal risks confronted by IIFL Finance and institutes the necessary internal controls to manage them.

ACROSS THE PAGES

Disclaimer:

This document contains statements about expected future events and financials of IIFL Finance, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

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About IIFL

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Message from the Chairman

For more investor-related information, please visit:

https://www.iifl.com/finance/investor-relations/financials

Scan this QR code to view this report online


IIFL FINANCE
AMPLIFYING VALUE AT EVERY STEP
OPTIMIZING OUR SIX CAPITALS
INPUTS
FINANCIAL CAPITAL
PHYSICAL CAPITAL
INTELLECTUAL CAPITAL
HUMAN CAPITAL
SOCIAL AND RELATIONSHIP CAPITAL
NATURAL CAPITAL
ENABLING CONSTANT VALUE CREATION


Business Responsibility & Sustainability Report
SECTION A
GENERAL DISCLOSURE

HOW TO READ THIS REPORT

Navigating through this report will require the reader to ask following key questions

CORE QUESTIONS TO ASK

Who governs our Company and how do they approach the evolving market dynamics?

WHERE TO LOOK?

Message from the Chairman 26

Managing Director's Communique 28

Management Discussion and Analysis 176

Corporate Governance Report 145

WHAT YOU WILL FIND?

- Broad overview of our Company's current position and future direction
- Our strategic approach towards value creation
- Our approach to macro developments, opportunities and risks
- The experience and competence of our Board and leadership
- In-depth review of the governance and control framework

CORE QUESTIONS TO ASK

What are the material issues and risks to our Company and how are we addressing them?

WHERE TO LOOK?

Materiality Assessment 46

Risk Management 52

WHAT YOU WILL FIND?

- Identification of material issues and mitigation of the same
- Evolution of risk identification and management techniques
- Risk mitigating tools and techniques

CORE QUESTIONS TO ASK

How do we create value for all our stakeholders?

WHERE TO LOOK?

Our Value Creation Model 32

Stakeholder Engagement 44

Operating Context 40

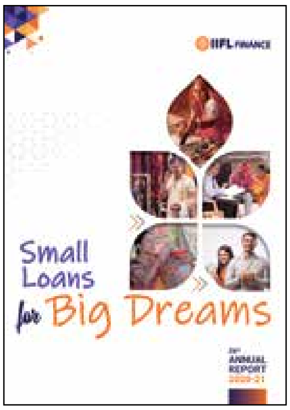
WHAT YOU WILL FIND?

- Key components of the business model that make it possible to transform resources
- Our approach towards stakeholder communication
- Where we stand in the overall scheme of things

OUR EVOLVING REPORTING LANDSCAPE

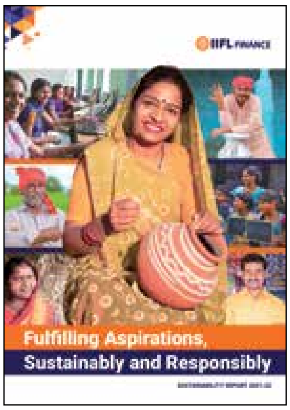
ANNUAL REPORTS

FY 2021-22

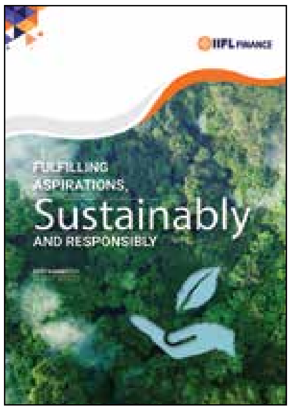


FY 2020-21

SUSTAINABILITY REPORTS



FY 2021-22



FY 2020-21

SAPNO KO SACH KARNE KA SEEDHA RASTA

In the tapestry of life, dreams serve as guiding stars, igniting the fires of ambition within us and propelling us towards a brighter future. IIFL Finance, understanding the profound connection between dreams and financial empowerment, stands as a beacon of hope. It illuminates a direct path, 'Sapno ko sach karne ka seedha rasta,' enabling individuals to navigate the complexities of their financial landscape and turn aspirations into accomplishments. Through comprehensive financial services and unwavering commitment, IIFL Finance paves the way towards fulfilling dreams, fostering partnerships that empower individuals to seize opportunities, overcome obstacles, and transform their aspirations into tangible realities.

Amidst the maze of trials and tribulations, IIFL Finance emerges as a guiding light, offering a clear and unobstructed path towards success. It acts as a trusted companion, offering accessible loans for education, supporting entrepreneurial ventures, and assisting in the purchase of dream homes. Thus, fulfilling our commitment to financial inclusion in the lives of underserved and underbanked sections of society has become our prime recognition in the market. We empower individuals to conquer hurdles and take charge of their future. 'Sapno ko sach karne ka seedha rasta' encapsulates the ethos of IIFL Finance, inspiring individuals to believe in the power of their dreams and embrace the journey towards transforming aspirations into achievements.

CAPITAL-WISE PERFORMANCE HIGHLIGHTS

MEASURING OUR SUCCESS THROUGH CAPITALS

FINANCIAL CAPITAL

Our strong capital base, as well as diversified sources of funding, enable us to support our clients in their credit needs.

₹ 64,638 Crore
Loan AUM

3.3%
RoA

Refer to page no. 56 for more details

HUMAN CAPITAL

Our organizational merit-based and fair culture, along with our employees' expertise, knowledge, and experience, facilitates the creation of innovative and competitive solutions for our clients. These endeavors, in turn, generate significant value for all our stakeholders.

33,910
Total workforce

15.7%
Women employees as a % of total

Refer to page no. 70 for more details

PHYSICAL CAPITAL

We have established a widespread local presence and integrated digital service platform to cater to the underserved population.

4,267
Total no. of branches

971
New branches added in FY 2022-23

Refer to page no. 60 for more details

SOCIAL AND RELATIONSHIP CAPITAL

We acknowledge the vital role that stakeholder relationships, including the communities in which we operate, play in shaping our operational environment. Accordingly, we are committed to contributing towards the creation of a thriving society and a robust financial ecosystem.

8 Million+
No. of clients

₹ 21.35 Crore
Total CSR spending in FY 2022-23

Refer to page no. 76 for more details

INTELLECTUAL CAPITAL

Our intangible assets, such as our brand, reputation, technology-based infrastructure, strategic partnerships with third-party payment interfaces, and collaborations with banks for co-lending and assignments, enable us to effectively manage risks and deliver superior customer service.

Incorporation of subsidiary in partnership with 'Open Financial Technologies' to establish the **country's first Neobank**

16
Tie-ups under co-lending, co-origination and business correspondence

Refer to page no. 64 for more details

NATURAL CAPITAL

We recognize both the direct impact of our operations on natural resources such as energy, water, and climate, as well as the influence we wield through our business activities and are committed to reducing our carbon footprint.

Received **Gold Level LEED Certification** for our office in Gurugram

Installed rainwater harvesting system in our Registered office building during the year

Refer to page no. 90 for more details

ABOUT US: IIFL FINANCE LIMITED

PIONEERING A PATH TO SUCCESS

Right from the beginning of IIFL Finance Limited's journey in 1995, we had the vision to become India's most respected financial services Company. Over the last 28 years, we have remained true to our commitment of assisting our customers in realizing their dreams. As a leading financial services Company, we at IIFL Finance provide a wide suite of products and services to meet the diverse financial needs of our customers, from retail and institutional clients to micro, small and medium enterprises. Led by an unwavering focus on customer service excellence, we have gradually built strong customer relationships to attain a sustainable path of inclusive growth at IIFL Finance.

IIFL Foundation serves as the corporate social responsibility (CSR) arm of IIFL Group. Since its establishment in 2015, the Foundation is actively engaged in addressing key societal issues across various domains, collectively referred to as HELP.

- **Health**
- **Environment and Education**
- **Livelihood**
- **Poverty Alleviation**

Our vision

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

Core values

Our core values serve as a moral compass in all our activities. Fairness, Integrity, and Transparency – FIT – is the driving force behind all we do at IIFL Finance. We work with people who fit into our professional ethos. It is our constant endeavor to create sustainable value for all our stakeholders. We are resolute in the observance of these values and will let go of any growth opportunities that deem unfit.

F

FAIRNESS

Fairness in our transactions with all stakeholders, including employees, customers, communities, regulators, Government, investors, and vendors, bereft of fear or favor

I

INTEGRITY

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

T

TRANSPARENCY

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

BUILDING A STRONG MOAT IN INDIA'S RETAIL LENDING SPACE THROUGH

Expansive branch network

Country-wide branch network that we, as a team have developed over the years

4,267
No. of total branches

Constant technology adoption

With proprietary technology and digital innovations as part of our DNA over the years, data security is paramount for us

We are
ISO 27001:2013
Certified Organization

Strengthened balance sheet performance and brand recognition

A robust balance sheet and impeccable brand recognition has enabled us with our steady progress

23% CAGR
in core loan AUM over last 5 years

Experienced management team

A robust management team providing the right leadership to attain progress in the business

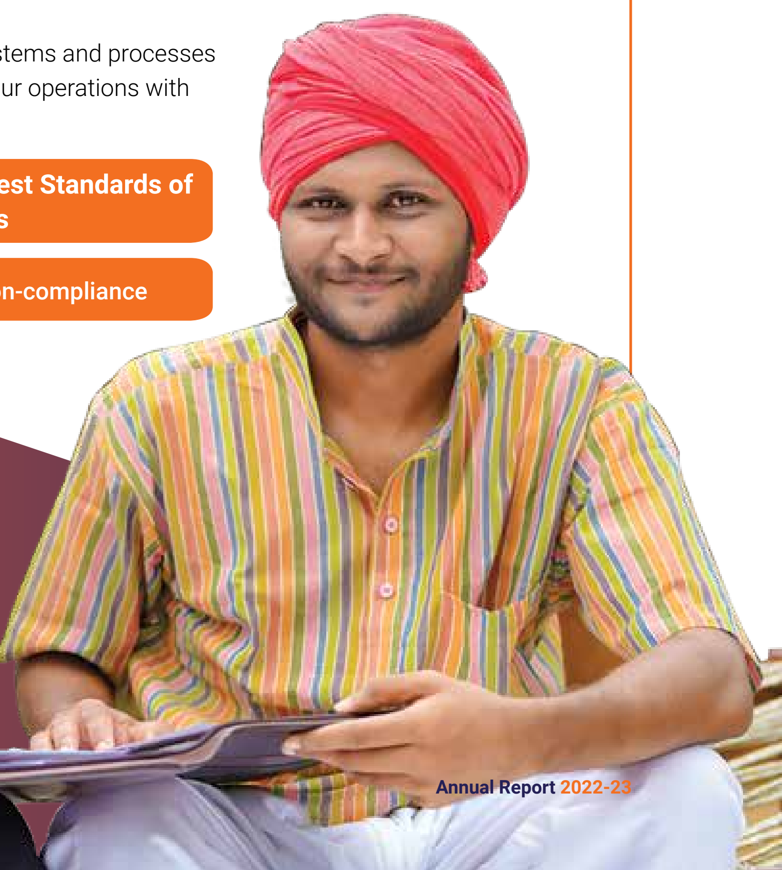
21 years
Average no. of years of experience of our management team

Streamlined systems and processes

Neatly managed systems and processes help us streamline our operations with utmost perfection

Adhering to **Highest Standards of Corporate Ethics**

Zero cases of non-compliance



OUR SUBSIDIARIES

We, at IIFL Finance, along with our subsidiaries – IIFL Home Finance Limited, IIFL Samasta Finance Limited, and IIFL Open Fintech Private Limited – are focused on expanding our retail lending portfolio across the Gold loan, Home loan, Loan Against Property, Digital loan and Microfinance loan space.

IIFL Home Finance Limited

IIFL Home Finance is a Housing Finance Company that received registration from the National Housing Bank in 2009. It offers affordable and small ticket - sized home loans, secured MSME Loan Against Property and project loans.

79.59%
as on March 31, 2023
Stake of IIFL Finance

IIFL Samasta Finance Limited

IIFL Samasta is a Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI) established in March 2008. It provides affordable and innovative financial products and services to mainly women in rural and semi-urban areas and has surpassed a milestone of covering two million women through its services to date.

99.51%
as on March 31, 2023
Stake of IIFL Finance

IIFL Open Fintech Private Limited

IIFL Open Fintech Private Limited is a fintech Company that offers neo-banking services to consumers and micro-enterprises and retail customers, including lending, investment, and wealth management services to certain target groups. It was incorporated under the Companies Act, 2013 in May 2022.

51.02%
as on March 31, 2023
Stake of IIFL Finance

OUR PRODUCTS

DYNAMIC PORTFOLIO

We offer a diverse range of loan products to our customers, constantly striving to provide innovative solutions to meet their evolving needs. As of March 31, 2023, over 95% of our loan portfolio was retail-based, with 67% of retail loans (excluding gold loans which are not classified as PSL) being Priority Sector Lending (PSL) compliant.

Loan Asset Under Management Mix (%)
(As on March 31, 2023)

HOME LOANS

IIFL Finance progressively works towards facilitating affordable home loans to first-time home buyers in the country. Through a wide network of branches, backed by a digital infrastructure and social development intent, the Company caters to the evolving home finance needs of marginalized sections across the length and breadth of the nation. Customer-centricity forms the core of our offerings. We aim to make home financing more accessible and improve the home-buying experience of our customers with Jhatpat digital loan approval, competitive home loan interest rates, easy EMIs and quick disbursement.

386 branches
PAN-India reach

Tier I suburbs, Tier II and Tier III Cities
Expanding and fostering financial inclusivity

STRATEGIC PILLARS

- Support Government's 'Housing for All' mission and facilitate subsidy benefits to eligible borrowers under Pradhan Mantri Awas Yojana (PMAY)
- 100% digital on-boarding process, backed by robust technological strengths

FINANCIAL OVERVIEW

- Retail Home loans constituted 34% of the total AUM and stood at ₹ 21,800 Crore
- Growth of retail home loans was 23% YoY as of March 31, 2023
- Total disbursement during the year amounted to ₹ 8,076 Crore
- Average ticket size of home loans stood at ₹ 14.5 Lakh in FY 2022-23
- Credit Linked Subsidy Scheme (CLSS) subsidy of over Rs. 1,750 Crore facilitated to over 73,000 beneficiaries till March 31, 2023

GROWTH DRIVERS

- The housing industry's increased demand will boost the country's home loan volume with a CAGR of 20.58% between CY 2022-31. This is further supported by higher budgetary allocations under schemes like PMAY.
- Home loan credit outstanding is expected to register a 13% CAGR between FY 2023-26, driven by rising demand from Tier III and Tier IV cities, higher disposable incomes, and government initiatives such as PMAY and interest rate subvention schemes. The recovery across various sectors is also expected to boost disbursements in the current fiscal year.
- Assignment/securitisation, along with co-lending, are expected to provide additional liquidity support and boost demand going ahead.

GOLD LOANS

IIFL Finance's gold loans offer short-term working capital solutions and provide financial inclusion to customers. Individuals and small businesses, including vendors, traders, farmers, and salaried persons, can get a loan against their gold jewellery. Our Company provides best-in-class customer service experience through a swift, straight forward loan disbursement process and a nationwide network. Customers can also avail 'Gold Loan at Home' offering - a secure and paperless loan experience without the need for a physical branch.

2,653 Branches

25 States/UTs

Nationwide Network

Secure & Paperless Processes

Our Company screens customers for previous defaults, scams, and negative customer lists through our in-house loan origination tablet application.

STRATEGIC PILLARS

- Presence in 25 states/UTs for sourcing
- Strong emphasis on collections and resolution resulting in negligible losses
- Implementing digitization and strict security measures at the branch level to reduce costs and contingencies

FINANCIAL OVERVIEW

- Gold loans constitute 32% of IIFL Finance's total AUM, amounting to ₹ 20,733 Crore as of March 31, 2023, with a YoY increase of 28%
- Our Company disbursed a total of ₹ 32,368 Crore during the year in Gold loans
- The average ticket size of a gold loan is ₹ 0.6 Lakh in FY 2022-23

GROWTH DRIVERS

- The gold loan sector is shifting from unorganized to organized and from organized to digital means. This shift is expected to support increased demand for gold financing in the future.
- The popularity of gold loans is high in Indian rural areas, with unorganized players holding 65% of the total pledged gold in the country. Organized players such as banks and NBFCs are constantly expediting their processes to penetrate this sector, driven by lower interest rates, quick disbursement, and the perceived safety of the instrument.
- Specialized gold loan NBFCs are expected to play a major role in driving AUM growth due to their focused approach and new technology initiatives that enable customers to transact online with ease.
- While banks have a larger share in the organized gold loan sector due to lower interest rates and larger ticket sizes, NBFCs focus on customer convenience, quick disbursement, and flexibility.

LOAN AGAINST PROPERTY

IIFL Finance supports MSMEs in their business funding requirements through secured loans and Loan Against Property (LAP) that include small-ticket sized loans. This caters to the credit needs of micro-businesses such as small groceries stores, saloons, vegetable vendors, small traders and agricultural ancillaries at the end of the supply chain, etc. This loan serves as multi-purpose financing option to gain instant financial assistance whenever required, be it for working capital needs or expansion of business, etc.

0.7 Lakhs
Active customer count

Up to 12 years
of loan tenor

0.53 Lakhs
Customers added in FY 2022-23

STRATEGIC PILLARS

- Extension of secured business loan to tier 2 and tier 3 cities
- Funding to the unorganized sector which has lower reach to other NBFCs and Banks
- Continuous monitoring of portfolio and collections based on risk occurrences and triggers

FINANCIAL OVERVIEW

- LAP accounted for 10% of the total AUM, standing at ₹ 6,671 Crore as of March 31, 2023
- The total disbursement for the year amounted to ₹ 3,055 Crore
- The average ticket size of business loans in FY 2022-23 was ₹ 5.3 Lakh

GROWTH DRIVERS

- The massive addressable market of ₹ 46.4 Lakh Crore MSMEs represents a significant growth opportunity for businesses that offer products and services catering to their needs.
- Technology advances have revolutionized the way businesses operate and present significant growth potential for companies that adopt and leverage these innovations.
- Strategic partnerships can be an effective way to drive growth, expand market reach, and offer more comprehensive solutions to customers.
- Industry-leading innovations help companies stay ahead of the competition and better meet the evolving needs of customers.
- Repeat and cross-sell potential can be a powerful driver of growth, as it allows companies to deepen their relationships with existing customers and offer them a wider range of products and services.

DIGITAL LOANS

IIFL Finance provides tailored digital loans to the MSME sector and individuals. These are business loans backed by cash flows. We have in place analytical scorecard-based credit underwriting practices. Our digital capabilities enable us to provide instant sanctions and automated disbursals.

0.39 Million
Active customer count

0.43 Million
Customers added in FY 2022-23

STRATEGIC PILLARS

- 100% digital journey enabled through account aggregator
- Entire process is digital with diligent fraud checks
- Collaborated with major fintech players to ensure scale
- Large investment on the technological front for quicker alignment with new regulatory frameworks and public digital infrastructure

FINANCIAL OVERVIEW

- Digital loans accounted for 4% of the total AUM, standing at ₹ 2,512 Crore as of March 31, 2023
- The total disbursement for the year amounted to ₹ 2,807 Crore
- The average ticket size of loans in FY 2022-23 was ₹ 0.3 Lakh

GROWTH DRIVERS

- Only 14% of the 64 Million MSMEs have access to credit. This brings a huge number of untapped MSMEs to target.
- Great opportunity provided by the formalization of MSMEs and adoption of platforms - based lending services.

MICROFINANCE

IIFL Finance offers microfinance loans as effective means of increasing asset development and income security among households and communities. Based on a joint liability group model, our Company provides small-ticket micro-loans to self-employed women for income-generating activities. Along with micro-loans, credit-linked insurance and group-based savings accounts are some of the ways IIFL Finance supports community well-being.

1,267	19	322	100%
Branches	States	Districts	Credit-linked insurance coverage

With a significant presence in rural and semi-urban areas, our Company is a strong enabler in promoting financial inclusion. It provides substantial assistance and guidance to customers to ensure the proper use of funds and prompt repayment.

STRATEGIC PILLARS

- Educating customers on the proper use of funds, prompt repayment, and joint obligation
- Adequately prepared to promote the goal of financial inclusion through co-lending, in collaboration with banks

FINANCIAL OVERVIEW

- Microfinance constituted 15% of the total AUM in FY 2022-23
- AUM, as of March 31, 2023, stood at ₹ 9,786 Crore with a growth of 59% YoY
- Total disbursement during the year amounted to ₹ 9,657 Crore

GROWTH DRIVERS

- Microfinance sector has transformed due to relaxation in regulatory guidelines to enable risk adjusted pricing, advanced technology, and government support, making credit more accessible for low-income households.
- Widespread adoption of data-driven customer-centric digital technologies are set to improve the loan experience for customers and lead to paperless lending procedures.
- Microfinance is expected to play a crucial role in achieving India's goal of becoming a US$ 5 Trillion economy by CY 2025 by empowering low-income families and small businesses to contribute to economic progress.

NON-CORE, SYNERGISTIC LOANS

CONSTRUCTION & REAL ESTATE

The Construction and Real Estate (CRE) loans are provided by our Company for the completion of its already funded projects, with appropriate internal approvals and in compliance with RBI guidelines.

4%
Share in total AUM

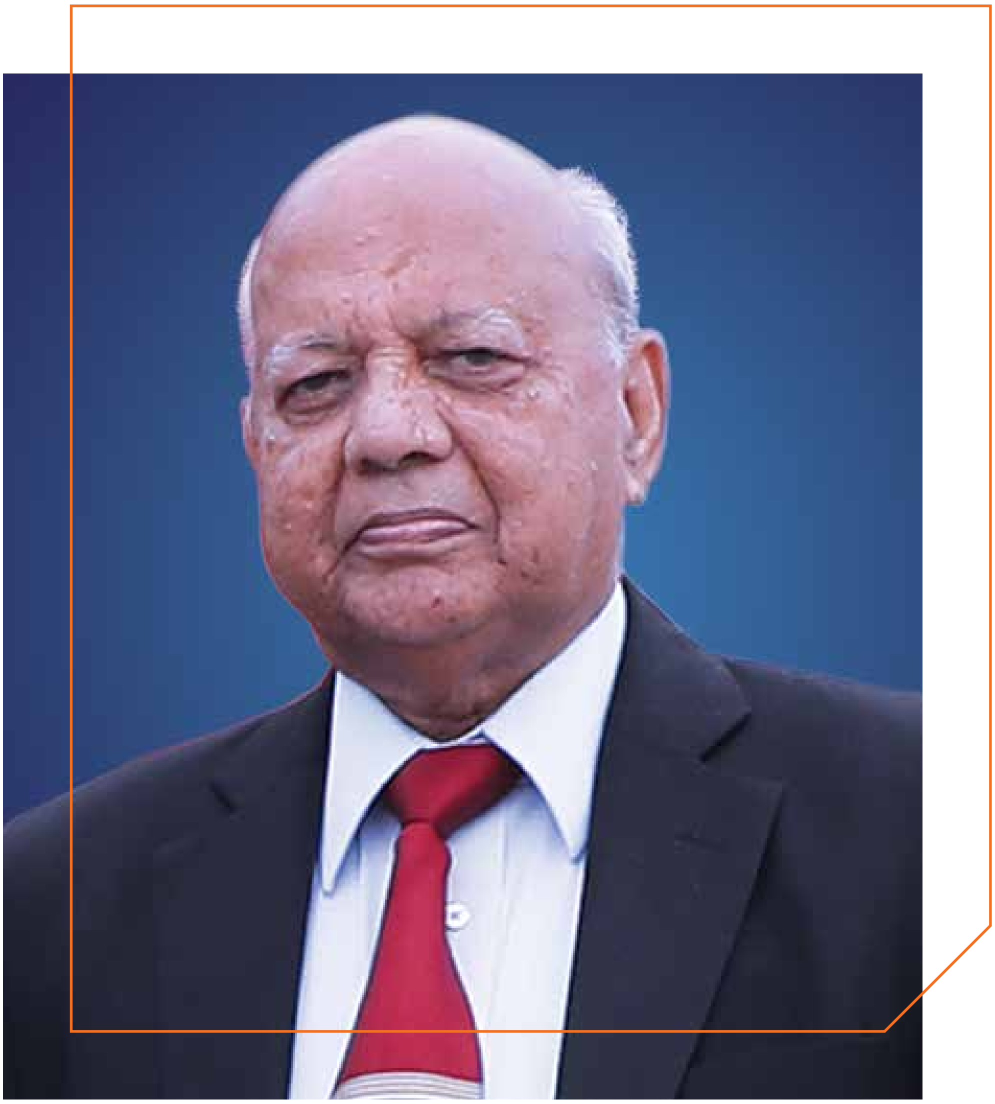
₹ 2,694 Crore
Assets under management for CRE

CAPITAL MARKET

Our growth strategy primarily centers around core businesses, with the Loan Against Shares and capital market portfolio serving as synergistic elements. By limiting our focus to clients of group companies, we aim to minimize operating costs and maintain stringent risk control measures over our lending portfolio.

₹ 442 Crore
Assets under management

MESSAGE FROM THE CHAIRMAN



Our transparent communication empowers customers to make informed choices, making us their preferred lender in an otherwise crowded market.

Dear Stakeholders,

I write to present to you the Integrated Annual Report of IIFL Finance for FY 2022-23. It was another year of robust, all-round and sustainable performance as our Company focused on achieving responsible and profitable growth. As the world moved away from the shadows cast by the COVID-19 pandemic, well-governed companies with a disciplined approach towards resource utilization and fixed gaze on holistic value creation stood out. IIFL Finance is one such Company and it has returned to the pre-pandemic growth levels relatively better than its peers. More on our performance, later. Let me first provide you with an overview of the macro economic scenario.

Encouraging macro scenario

Indian economy performed well amid robust economic activity, improvement in private sector consumption, and increased government focus on infrastructure development. It sailed past global headwinds and tightening monetary policy to grow 7.2% in FY 2022-23. For FY 2023-24, GDP growth is pegged at 6.5%, on the back of robust domestic demand and increased capital investment. Food security, vaccine security, relatively greater energy security on account of focus on green power, infrastructure development, resilient balance sheets of Indian corporates, a robust start up eco-system have put the Indian economy on a long term and sustainable path of high growth. Slower growth in economies around the world, high inflation and realization of full-impact of the rate hikes though could pose downside risks. Overall, our buoyant economy today offers immense opportunity for the Indian financial sector for growth and innovation.

During the year under review, NBFCs remained at the forefront of the shift from unorganized lending to organized lending. Riding high on the wave of digitalization, NBFCs further fortified their loan origination and risk management processes. As per data released by the Reserve Bank of India (RBI), as of December 2022, outstanding bank credit to NBFCs stood at ₹ 13.20 Trillion, up from ₹ 3.68 Trillion in 2017. This surge was a combined outcome of organic growth as well as strategic partnerships with fintechs/banks. Well-oiled balance sheets, greater stability in credit quality and stronger underwriting processes are key enablers for NBFCs. This momentum is likely to sustain over the foreseeable future owing to high demand for housing loans, gold loans, MSME loans and unsecured finance.

With this, let us understand more about our performance during the year and know what lies ahead.

Fulfilling dreams, transforming lives

Our unwavering focus on serving need-based financial solutions coupled with focused attention on digitalization resulting in superior customer experiences continue to keep us in good stead. Our transparent communication empowers customers to make informed choices, making us their preferred lender in an otherwise crowded market. During the year under review, all our core loan products performed well, taking our AUMs 29% higher as compared to FY 2021-22.

Our thriving branch network and investments in technology over the last two years are now beginning to yield results. We have been among a few companies who have managed to scale up the co-lending business efficiently with focused attention on asset quality and as such we are now preferred partners of Indian Banks.

We also play an important role in furthering financial inclusion within the country and turning our customers' aspirations into achievements. We are progressing swiftly towards integrating Environmental, Social and Governance (ESG) parameters across all our activities and creating shared value for all stakeholders.

A vast opportunity landscape, agile and effective strategy and a scalable business model position our Company in a sweet spot. Our strategic imperatives of enhancing stakeholder value through prudent management of our financial resources and balancing high growth with prudent credit underwriting practices should help us maximize the macro opportunities. As we drive the dual engines of organic growth and partnership-led growth, we set out to capture greater peaks.

Before concluding, I extend a heartfelt congratulations to the top management of our Company for creating holistic value consistently. I would also like to thank the Board of Directors, the employees, customers, communities, investors, business partners, lenders and all our stakeholders for supporting us through the neap and spring tides. We wish you continue supporting us while entrusting us with your faith.

Best Regards,

A. K. Purwar

MANAGING DIRECTOR'S COMMUNIQUE

Every day we disburse thousands of loans, with the aim of turning dreams into reality. Our mission is to deliver credit to households and enterprises that banks find difficult to reach out to!

Dear Stakeholders,

We are pleased to present the Integrated Annual Report of IIFL Finance Ltd. for the financial year 2022-23.

Every day we disburse thousands of loans, with the aim of turning dreams into reality. Our mission is to deliver credit to households and enterprises that banks find difficult to reach out to!

Our customer-centric business model, coupled with simple and transparent policies make it easier for customers to deal with us. The essence of who we are and what we do for our customers is captured in the theme of this Annual Report – we provide 'Sapno ko sach karne ka seedha rasta'- 'a simple and straightforward way to make dreams come true'.

We, at IIFL Finance, primarily cater to MSMEs (small businesses) through gold loans, digital loans and microfinance loans; and also offer affordable home loans to the underserved. Millions of small businesses are unable to achieve their entrepreneurial potential owing to scarcity of capital. Similarly, many families are not able to buy a home, due to their ineligibility as a borrower in the banking system. Retail credit penetration in India is still woefully low for both MSMEs and home loans. India's retail credit to GDP and mortgage penetration are at 36% and 11%, respectively, whereas the same indicators are over 75% and 50% for most other economies. This means there is a vast opportunity landscape ready to be painted by NBFCs like ours. Government and banks have done noticeable work to initiate the first step of financial inclusion by covering large part of population with bank accounts and digital payment infrastructure. However, the next step of helping them access appropriate loan and investment products is more crucial towards uplifting their living standards. India's technology stack with triple engines of UPI (Unified Payments Interface), OCEN (Open Credit Enablement Network) and AA (Account Aggregator); together with JAM (Jan Dhan Yojana, Aadhaar and Mobile number), have put the country at the cusp of exponential growth in credit. The recent trends indicate around 15% p.a. growth in MSMEs and home loans.

Progressive lending for an aspirational India

Our phygital strategy (physical + digital) connects us with borrowers across the hinterlands and cities alike, helping us serve them better. We have a vast network of our own 4,000+ physical branches manned by our own employees. It is our belief that our in-person presence and face-to-face interaction with customers, has been the key to our success so far. At the same time, we have been able to boost productivity and achieve efficiency by leveraging digital technology. Our co-lending/co-origination partnerships with banks and fintechs help us enhance our reach while maximizing ours as well as our partners' strengths.

Overall, we are well poised to capitalize on the macroeconomic opportunities and serve the underbanked, underserved more efficiently. Our ability to balance the fulcrum of risk-reward effectively through our solid balance sheet, robust systems, processes, risk management and data analytics lends us extra vigour.

The year under review

Our Company's performance during the year reinforces our belief in our strategy as well as abilities. Our Profit After Tax (pre non-comprehensive income) grew 35% to ₹ 1,608 Crore as compared to FY 2021-22. Continued traction in core loan book, improving yield and lower credit costs have aided overall profitability. Our return ratios remain one of the best in the industry with Return on Assets ratio of 3.3% and Return on Equity ratio of 19.9%.

During the year, we were able to raise equity and debt capital from several marquee investors, including Asian Development Bank, Abu Dhabi Investment Authority, among others. At the same time, we repaid bonds worth US$ 400 Million which were raised through MTN in February 2020. We are humbled by the continuous faith demonstrated by investors in our future prospects.

I am pleased to share that our international credit rating was upgraded by Moody's from B2 to B1 (Stable) in April 2023. This, along with a strong credit rating profile back home act as an external validation of our competitive positioning, growth potential and execution skills.

As a responsible corporate citizen, we are cognizant of our role in the broader society and are working diligently to enhance our performance across each of the domains of environment, social and governance (ESG). This year, we have adopted the Business Responsibility and Sustainability Report (BRSR) which streamlines our non-financial performance in detail. We have been communicating about our non-financial performance to all of you through our Sustainability Report which has been published every year since FY 2020-21.

As I gaze through the crystal ball, I feel excited at the immense potential for progress in the coming years. We are confident of making a plausible impact and are committed to creating consistent and responsible value for all our stakeholders.

This message will be incomplete till I acknowledge the invaluable contribution made by all you stakeholders in our Company's success story. I thank our Board, management, customers, employees, business partners, investors, regulators and all other stakeholders for their faith in us. We seek your continued support.

Best Regards,

Nirmal Jain

Founder and Managing Director

OUR STRENGTHS

LEVERAGING OUR STRENGTHS

DIVERSIFIED PRODUCT PORTFOLIO & WIDE CUSTOMER BASE

With a firm eye on promoting inclusive growth, we provide a wide variety of loan products to all types of customers in the country – salaried, self-employed, informal sector, HNIs and corporates. This places us in a sweet spot wherein we can capitalize on the vast opportunity landscape for credit growth across all these product segments. Our thriving phygital network enables us to reach existing and potential customers across all regions of the country.

- Home Loans
- Gold Loans
- MFI Loans
- Digital Loans
- Construction & Real Estate
- Capital Market Finance
- Loan Against Property

STRONG ASSET QUALITY MAINTAINED CONSISTENTLY

We have kept our non-performing assets at reasonably low levels by following robust credit approval mechanisms, credit control processes, audit and risk management processes and policies. We routinely monitor credit risk, risk concentration and compliance with board approved policies to stay ahead of the curve.

1.8%
Consolidated Gross NPA

81.0%
Consolidated loan AUM secured with collaterals

** Above data is as on March 31, 2023*

DIVERSIFIED FUNDING SOURCES

Our Company has access to funds from multiple classes of credit providers, including public sector banks, private commercial banks, other financial institutions, pension and provident funds, mutual funds, foreign institutional investors and domestic retail investors. Through our stable, long-term relationships with our lenders, we have been able to borrow from a range of sources at competitive rates and have maintained adequate liquidity to meet our borrowing obligations and fund our growth, keeping a margin of safety.

Average cost of borrowings

9.0%	8.5%	8.8%
FY 2020-21	FY 2021-22	FY 2022-23

WELL-DEFINED PROCESSES WITH A STRONG FOCUS ON TECHNOLOGY

Our well-defined business processes ensure efficient achievement of organizational tasks. Our technology driven processes aid in product innovation, reduced turnaround times, cost optimization and superior customer experience. They facilitate us to respond to market opportunities and challenges swiftly, help monitor process and performance, and improve our risk management capabilities, thereby strengthening our competitive advantage. We have completely digitized our business loans journey, right from customer on-boarding to underwriting, disbursements and collections. We are also collaborating with the fintech ecosystem to further enhance our platform and customer experience.

'My Money' app provides paperless instant unsecured business loans

Instant loan disbursal via WhatsApp

STRONG PHYGITAL FOOTPRINT

Our robust distribution network provides us with last-mile connectivity to customers across Tier I, Tier II and Tier III cities. While our branches help support our gold loan, home loan, LAP and MFI business, our digital platforms enhance our reach within the home loan, personal loan and MSME loan categories. We have put in place advanced technology-led systems for loan applications through our website and portable tablet-based applications. Our cross-country branch presence coupled with well-developed digital infrastructure gives us a widespread presence across channels and enables us to access and service a diverse customer base and their multiple credit requirements.

4,267

branches

** Above data is as on March 31, 2023*

WELL ESTABLISHED BRAND ALONG WITH A STRONG AND EXPERIENCED MANAGEMENT TEAM

'IIFL' is a well-established brand among retail, institutional and corporate clients in India. We have benefited extensively from our promoters' experience in the financial services industry to develop deep understanding of the market and related opportunities, gauge customer expectations and design suitable products for our target customer base. We derive synergies from our group companies and are able to leverage it for competitive advantage. Our senior management and experienced executives are and would continue to be the principal drivers of our growth.

34.5 Years

Average experience of Board members

21 Years

Average experience of management team

OUR VALUE CREATION MODEL

AMPLIFYING VALUE AT EVERY STEP

OPTIMIZING OUR SIX CAPITALS

	Input KPIs
FINANCIAL CAPITAL	₹ 10,202 Crore Equity Funding; ₹ 39,604 Crore Debt Funding; ₹ 49,806 Crore Total Capital Employed
PHYSICAL CAPITAL	4,276 Total No. of Branches; 30 States; Pan-India Presence
INTELLECTUAL CAPITAL	16 Count of tie-ups under co-lending, co-origination and business correspondence; MyMoney App for complete paperless loan disbursements
HUMAN CAPITAL	33,910 Total workforce; Performance-linked rewards
SOCIAL AND RELATIONSHIP CAPITAL	₹ 21.35 Crore Contribution towards CSR activities
NATURAL CAPITAL	Implement measures for efficient: Energy consumption; Water usage; Waste management; Reduction of paper waste

INPUTS

Key SDGs involved	Risks impacting the particular capital
8 Decent Work and Economic Growth	Credit Risk Liquidity and Funding Risk Operational Risk Compliance Risk
8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure	Technology Risk Operational Risk Climate Change Risk
9 Industry, Innovation and Infrastructure	Credit Risk Liquidity and Funding Risk Technology Risk Operational Risk Compliance Risk Climate Change Risk
3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	Operational Risk Climate Change Risk
1 No Poverty 3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities 16 Peace, Justice and Strong Institutions 17 Partnerships for the Goals	Credit Risk Liquidity and Funding Risk Technology Risk Operational Risk Compliance Risk Climate Change Risk
11 Sustainable Cities and Communities 12 Responsible Consumption and Production 13 Climate Action	Climate Change Risk

ENABLING CONSTANT VALUE CREATION

OUR VALUE CREATION MODEL (CONTD...)

PROCESSING

OUR BUSINESS ACTIVITIES

HOME LOAN

Small loans for affordable homes, in small towns and suburbs of metros

₹ 14.5 Lakh	72%	Up to 20 years
Average ticket size	Loan to Value	Tenor

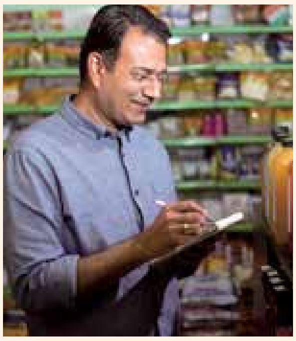
MICROFINANCE

Focus on self-employed, low-income women groups for micro business

23.5 Lakhs	~2 years	100%
Active customers	Tenor	Credit-linked insurance

Active in

19	322
States	Districts



LOAN AGAINST PROPERTY

Focus on lending to MSME sector and individuals

0.7 Lakhs	0.53 Lakhs	Up to 12 years
Active customer count	Customer addition in FY 2022-23	Tenor

OUTPUTS GENERATED

{(NII + Other Income) − (Total Expenses + Tax)}

(₹ 4,147.4 Crore + ₹ 1,076.9 Crore) − (₹ 3,111.8 Crore + ₹ 505.0 Crore)

GOLD LOAN

Secured low-risk short term loans to neighbourhood customers

- ₹ 0.6 Lakh — Average ticket size
- Up to 2 years — Tenor
- ~70% — Loan to Value
- 1,400+ towns/cities — Footprint

DIGITAL LOAN

Loans for business backed by cash flows

- 3.9 Lakhs — Active customer count
- Up to 5 years — Tenure
- 4.3 Lakhs — Customers added in FY 2022-23

CONSTRUCTION REAL ESTATE (CRE) & CAPITAL MARKET

Businesses synergistic to group's core businesses

- ₹ 2,694 Crore — CRE Asset Under Management
- ₹ 442 Crore — Capital Market - Asset Under Management

PRODUCING PURPOSE-LED OUTPUTS

= Profit for the Year (Pre-NCI)

= ₹ 1,607.5 Crore

OUR VALUE CREATION MODEL (CONTD...)

OUTCOMES

Outcomes that create long-term value for the stakeholders

FINANCIAL CAPITAL

₹ 64,638 Crore
Total loan AUM

₹ 1,607.5 Crore
PAT (Pre-NCI)

7.8%
Average interest spread

₹ 4 per share
Dividend distributed

PHYSICAL CAPITAL

8 Million+
Total customer base

INTELLECTUAL CAPITAL

Gold loans: 24.3%
Co-lending as a % of AUM

Home loans: 19.4%
Co-lending as a % of AUM

HUMAN CAPITAL

22
Average training hours per employee

7,07,567
Employee training hours

SOCIAL AND RELATIONSHIP CAPITAL

2,13,700+
Loans to first-time home buyers

NATURAL CAPITAL

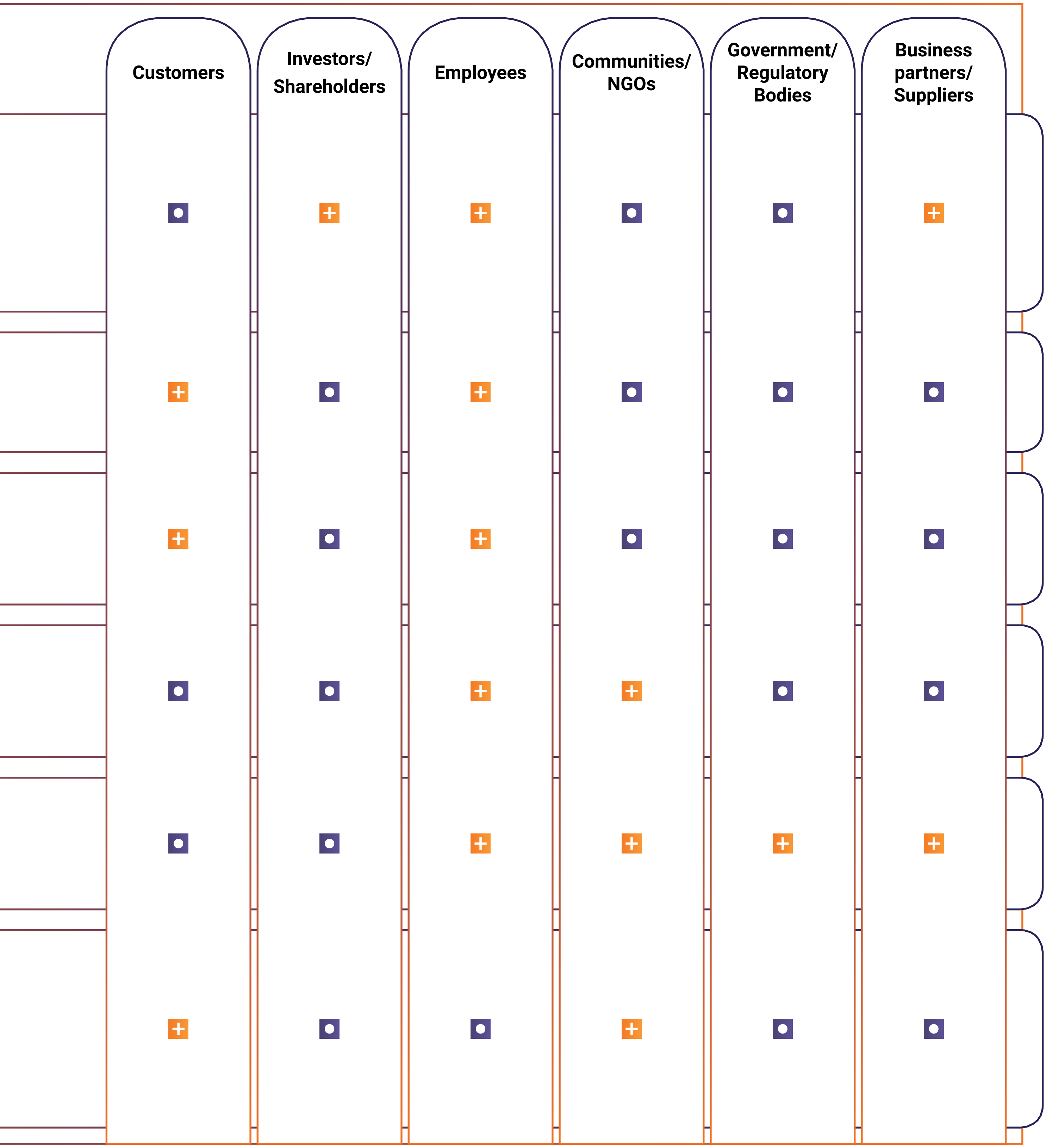
- Received Gold Level LEED Certification for our office in Gurugram
- Savings under IGBC preliminary certified/ certified projects under management

3,323 MWH p.a.
Energy Savings

3,057 Tons p.a.
GHG emission offset

192 ML p.a.
Water Savings

- **Value Created:** Value creation through our Company's business model involves taking inputs from the capitals and transforming them through business activities and producing outputs and outcomes over the short, medium and long term for the for the organization, our stakeholders, society and the environment.
- **Value Preserved:** Value preservation refers to the social, moral, and ethical obligation to preserve, protect, and defend stakeholder value from value erosion, reduction, and destruction.



HIGHLIGHTS OF FY 2022-23

SHINING MOMENTS OF SUCCESS

- Completed buyback of overseas MTN bond of US$ 50 Million to reduce the cost of funds
- Raised External Commercial Borrowing of US$ 100 Million from Deutsche bank and Export Development Canada for onward lending financing and raised US$ 50 Million from HSBC
- Raised ₹ 2,200 Crore of primary capital for a 20% stake from a wholly-owned subsidiary of Abu Dhabi Investment Authority (ADIA)
- International credit rating was upgraded by Moody's from B2 to B1 (Outlook stable)

New tie-ups for strengthening the co-lending, co-origination and business correspondence

South Indian Bank → Karur Vysya Bank → Indian Bank → UCO Bank → Punjab & Sind Bank →

Canara Bank → IDBI Bank → Indian Overseas Bank →

Raised **₹ 15,262 Crore** of debt including **₹ 12,913 Crore** via term loans

Additionally **₹ 14,418 Crore** was raised through direct assignment of loans

Signed top Indian actor
Ms. Tamannaah Bhatia
as our brand ambassador with an aim to bolster our pan-India brand presence

Trusted by marquee investors

Empowering women borrowers

Declared
₹ 4 per share
Interim dividend

Rated as **'CRISIL AA/Stable'** by CRISIL and **'[ICRA] AA (stable)'** by ICRA

Repaid **US$ 400 Million** bonds that were raised through MTN in February 2020

OPERATING CONTEXT

NAVIGATING EXTERNAL DYNAMICS WHILE FULFILLING DREAMS

UNDERSERVED RETAIL AND MSME SECTOR

The MSME sector, is a vital contributor to India's economy, accounting for almost 29% of the country's GDP in 2022. The sector needs access to finance, but many rely on high-interest informal lending markets. Despite government support, there is still a credit gap that NBFCs can address through fintech collaborations and digital innovations. Likewise, several individuals within self-employed and other underserved segments are still outside the ambit of formal banking. NBFCs are playing a significant role in driving financial inclusion and, building last-mile connectivity.

Our response:
Since our inception, we have been committed to serve the underserved and bridge the gap between formal banking services and last mile borrower. We have a strong presence in the hinterlands of the country. Our offerings cater specifically to the underbanked sections of society.

64 Million
Business entities under MSME

14%
MSMEs have access to credit

S2 S4 S6 S7

BANK-NBFC CO-LENDING MODEL

The Indian Government is promoting the co-origination model of financing to cater to the needs of borrowers in smaller towns. Co-lending enables banks and NBFCs to leverage their respective strengths and offer better products to economically weaker sections.

Our response:
IIFL is one of the few NBFCs in India which has managed to build a scalable, sustainable model around the concept of co-lending. Our thriving partnerships with several leading banks reflects their trust in our capabilities.

Industry co-lending AUM crossed ₹ 25,000 Crore in FY 2022-23, up 4 times over FY 2021-22

S2 S5

UNDER-PENETRATION OF GOLD LOANS, HOUSING LOANS AND MICROFINANCE

India's credit growth is a key indicator of its economic revival, particularly in microfinance and housing finance sectors, and the gold financing segment has emerged as a significant contributor to financial inclusion. NBFCs have leveraged their digital capabilities to offer doorstep loan facilities and a range of gold loan schemes, while co-lending partnerships between banks and NBFCs are creating new opportunities. Still the gold loans, home loans and microfinance segments in India remain relatively underpenetrated, providing NBFCs with a vast canvas of opportunities.

Our response:
Our proven track record of providing gold loans, home loans and microfinance loans has our brand recall. Our ability to walk a tight rope while maintaining the balance between high growth, reducing risk and enhanced profitability has held us in good stead so far.

35%
Share of organized players in total gold loans of India

S1 S2 S3 S4 S7

E-COMMERCE AND RETAIL LENDING

Fintech has revolutionized the retail lending space in India, with consumers increasingly using digital platforms for instant loans and financing solutions. NBFCs can now offer personalized financing and reach a wider customer base.

Our response:
We continue to invest in building and fortifying our digital capabilities. These include developing in-house apps, technology platforms, risk management systems and using technology to drive efficiency across all our processes. Simultaneously, we are forging mutually-beneficial partnerships with fintechs.

S2 S6

ROBUST WORKING CAPITAL DEMAND

The demand for working capital is expected to rise, fueling growth across sectors, which in turn, would increase the need for working capital financing. NBFCs in India are well poised to meet this rising demand and contribute to India's progress towards becoming an economic superpower.

Our response:
We help small and medium sized businesses grow their business as well as operate seamlessly. This is achieved by providing them with continuous flow of credit at their convenience and at fairly competitive rates.

₹ 11.2 Lakh Crore
India's expected working capital requirement in FY 2022-23

S2 S4
S6 S7

GROWING DIGITALIZATION AND ANALYTICS

The NBFC sector has been transformed by the digital revolution, enabling them to improve efficiency, reduce costs, and enhance financial inclusion. Customers have benefited significantly from this development, as NBFCs have been able to provide better service and innovative products.

Our response:
We offer our customers with end-to-end digital journeys, spanning origination, servicing and closure of loans. Providing customers with ease and convenience, quick documentation at their doorstep helps us become their lender of choice.

High-speed internet and digital payment options, driving digital lending

S6

OUR STRATEGIC IMPERATIVES

NAVIGATING SUCCESS THROUGH A STRATEGIC ROADMAP

STRATEGY	KPIs	ACHIEVED IN FY23	KEY CAPITALS INVOLVED	KEY STAKEHOLDERS INVOLVED
ENHANCED SHAREHOLDER VALUE (S1)	Strong credit rating Consistent financial performance Healthy return ratios Healthy dividend payout	Moody's rating upgraded from B2 to B1 RoA 3.3% RoE 19.9%		
GROWING THROUGH CO-LENDING (S2)	Number of new partnerships in the year Business generated through partnerships Customers added through partnerships	Co-lending as a % of AUM: Home loans: **19.4%** and Gold loans: **24.3%** New partnerships formed in the year: 8		
MAINTAINING HEALTHY ASSET QUALITY (S3)	Robust systems & processes Strong collections team Partnering with fintechs	Gross NPA at 1.8% Net NPA at 1.1%		
OPTIMIZING OUR BRANCH NETWORK (S4)	New branches added % branches in tier-2/3/4 regions	971 new branches added 84% gold loan branches in tier II, tier III towns and rural areas		

STRATEGY	KPIs	ACHIEVED IN FY23	KEY CAPITALS INVOLVED	KEY STAKEHOLDERS INVOLVED
RESPONSIBLE FINANCING (S5)	Number/growth in new to banking customers Green housing units funded Women borrowers	Women borrowers/Co-borrowers as a % of total MFI loans: **99%** Home loans: **59%**		
LEVERAGING DIGITAL (S6)	Business generated through digital platforms Cost efficiencies achieved	100% digital journey for loan processing First to launch an end-to-end loan to disbursal journey on WhatsApp		
MAXIMIZING CROSS-SELL OPPORTUNITIES (S7)	Number of customers with more than 1 IIFL product Growth in SME loans % business generated through cross-selling	70% repeat customers in gold loans		

Investors/ Shareholders
Business Partners/Suppliers
Customers
Communities/ NGOs
Government/ Regulators
Employees

Financial Capital
Social and Relationship Capital
Intellectual Capital
Natural Capital
Human Capital
Physical Capital

STAKEHOLDER ENGAGEMENT

FOSTERING TRUST THROUGH STAKEHOLDER COMMUNICATION

Constant dialogues with our stakeholders form a crucial component of our business strategy, enabling us to cater to their relevant needs with agility. We recognize their significance in shaping our objectives, and evaluating our progress towards achieving them.

Our stakeholders are instrumental in providing us with valuable feedback, insights, and perspectives that help us make informed decisions and improve our performance. By engaging with them, we can better understand their expectations, concerns, and priorities, and align our efforts to meet their evolving needs.

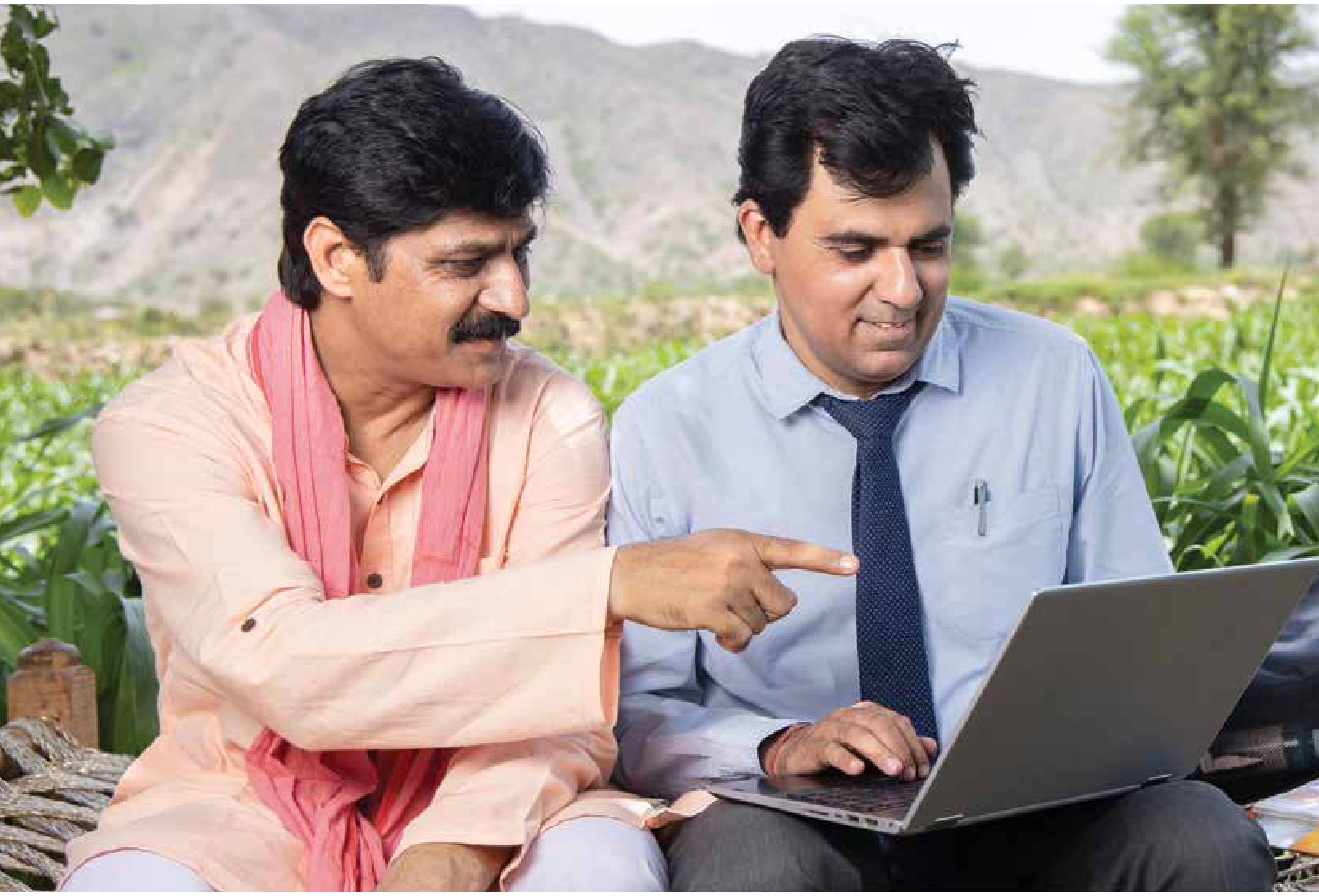
We believe that effective stakeholder engagement is essential for building trust, fostering relationships, and creating shared value. We are committed to maintaining an open dialogue with our stakeholders, listening to their feedback, and integrating the same into our decision-making processes. By doing so, we aim to create sustainable outcomes for our stakeholders, our business, and society at large.

STAKEHOLDER GROUP	NEEDS AND EXPECTATIONS OF OUR STAKEHOLDERS	ENGAGEMENT MODE AND FREQUENCY	KPIs
CUSTOMERS	Bespoke financial products and services Competitive interest rates Access to physical and digital channels Seamless customer service Secure transactions Fair and responsive grievance redressal mechanism	Ongoing and regular engagement through emails, calls, SMS, WhatsApp, branches and relationship managers Social media communication Marketing campaigns Customer satisfaction surveys	Number of products offered Number of loans disbursed Number of families supported Number of branches Number of customers Number of customers added in the year
INVESTORS/ SHAREHOLDERS	Ethical business practices and good corporate governance Regular dividends Sustainable performance and value creation ESG integration into strategy and operations Transparent reporting and disclosure	Annual and quarterly investor meets/calls Investor presentations Annual General Meeting Investor grievance channels Annual report Sustainability report	Credit rating Assets under Management Net profit

STAKEHOLDER GROUP	NEEDS AND EXPECTATIONS OF OUR STAKEHOLDERS	ENGAGEMENT MODE AND FREQUENCY	KPIs
EMPLOYEES	Training and development Fair and timely remuneration Reward, recognition, and appreciation of performance Diverse, open, non-discriminatory, and safe working environment Work-life balance	Town halls One-on-one meetings Training and development workshops Engagement initiatives Learning through online modules Digital apps for employees and collection officers Performance appraisals	Number of training hours Awards received Diversity in workforce Number of appraisals and reviews conducted
COMMUNITIES/ NGOs	Social upliftment Enhancing financial literacy Community welfare initiatives	Financial inclusion and literacy initiatives Regular CSR initiatives by IIFL Foundation Focus on health, education, livelihood and poverty alleviation Employee volunteering	Number of beneficiaries Number of families supported Amount spent towards CSR Current welfare initiatives in operation
GOVERNMENT/ REGULATORS	Compliance with laws and regulations Ethical business Active participation in industry and regulatory working groups	Mandatory regulatory filings Periodical submission of business performance One-on-one or group meetings Written communications	Liquidity ratio Number of customer grievances addressed Contribution to exchequers
BUSINESS PARTNERS/ SUPPLIERS	Fair and ethical procurement and engagement practices	Regular meetings, seminars, and workshops	Timely payments Share of procurements from MSMEs

MATERIALITY ASSESSMENT

ADDRESSING ISSUES THAT MATTER



At IIFL Finance, we identify several areas and challenges that may have a significant impact on our organization's ability to create value, both in the short and long term. These issues encompass a broad range of economic, environmental, social, and governance-related factors that affect our operations, stakeholders, and the wider community. Thereon, we implement various measures and strategies that mitigate potential risks and maximise opportunities for sustainable growth. These measures include robust risk management frameworks, innovative products and services, employee engagement programs, supply chain management practices, community outreach initiatives, and sustainable finance solutions.

We understand that the above-mentioned issues are dynamic and constantly evolving, and we remain committed to monitoring and adapting to changing circumstances. Our material assessment approach is grounded in our commitment to transparency, accountability, and responsible business practices. We are committed to continuously improving our processes and practices to create long-term value for our stakeholders, customers, and society as a whole.

METHODOLOGY

Identify material issues that impact our performance as well as stakeholders through a review of key sectoral trends, our risks and opportunities, and peer benchmarking.

Prioritize materiality issues through internal stakeholder engagement on two dimensions: their relative importance to stakeholders and their impact on our business performance.

Integrate these issues into our strategy, develop KPIs, and measure performance.

MATERIAL TOPICS

- Data and customer privacy
- Economic performance
- Responsible lending
- Responsible marketing
- Risk management
- Financial inclusion and literacy
- Corporate governance and ethics
- Regulatory compliance
- Customer satisfaction
- Employment practices
- Engagement with business partners
- Digitalization
- Community development
- Climate change and GHG emissions
- Employee health and wellness
- Resource management

Impact boundary and Sustainable Development Goals (SDGs) alignment

The 2030 Agenda for Sustainable Development, a comprehensive global plan for addressing the world's most pressing issues, was adopted by member states of the United Nations in 2015. This ambitious agenda is grounded in 17 interconnected Sustainable Development Goals (SDGs) and 169 indicators.

At IIFL Finance, we recognize the importance of working towards the realization of these SDGs. We believe that all stakeholders, including ourselves, have a crucial role to play in achieving these goals and creating a better future for both people and the planet.

Through our day-to-day operations and initiatives focused on community development and environmental stewardship, we are proud to align ourselves with 11 of the SDGs. By actively promoting these SDGs, we demonstrate our commitment to sustainability and responsible business practices. We remain dedicated to contributing to the realization of the SDGs and making a positive impact in the communities we serve.

Investors/ Shareholders

Business Partners/Suppliers

Customers

Communities/ NGOs

Government/ Regulators

Employees

Financial Capital

Social and Relationship Capital

Intellectual Capital

Natural Capital

Human Capital

Physical Capital

MATERIAL TOPIC	ASSOCIATED GRI AND SASB DISCLOSURES	SIGNIFICANCE OF THE MATERIAL TOPIC	IMPACT BOUNDARY	KEY STAKEHOLDERS IMPACTED	LINKED SDGs	KEY CAPITALS IMPACTED
DATA AND CUSTOMER PRIVACY	GRI 418: Customer Privacy	Security and protection of customer data is crucial to avoid data misuse since we handle confidential and sensitive information of our customers	Within and outside the organization		16 PEACE, JUSTICE AND STRONG INSTITUTIONS	
ECONOMIC PERFORMANCE	GRI 201: Economic Performance	Financial performance drives profitability, business survival, and promotes expansion of business. Further, maintaining credit rating and return ratios also enhance goodwill	Within and outside the organization		8 DECENT WORK AND ECONOMIC GROWTH	
RESPONSIBLE LENDING		Integrating ESG into product offerings helps us expand market access and also reach out to more underserved/ vulnerable groups	Within and outside the organization		10 REDUCED INEQUALITIES	

MATERIAL TOPIC	ASSOCIATED GRI AND SASB DISCLOSURES	SIGNIFICANCE OF THE MATERIAL TOPIC	IMPACT BOUNDARY	KEY STAKEHOLDERS IMPACTED	LINKED SDGs	KEY CAPITALS IMPACTED
RESPONSIBLE MARKETING	GRI 417: Marketing and Labelling	Customer retention is directly dependent on transparent, comprehensive, and clear communication and branding of our services	Within and outside the organization		16 PEACE, JUSTICE AND STRONG INSTITUTIONS	
RISK MANAGEMENT	GRI 102: General Disclosures	Optimizing our risk-return equation is possible through responsible risk identification and management processes – of both financial and non-financial risks	Within the organization		5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES	
FINANCIAL INCLUSION AND LITERACY	SASB FNCB-240	We wish to expand access to our financial services for underserved people and groups in need of support such as small business or women; we consider this an important objective of our business	Within and outside the organization		1 NO POVERTY 10 REDUCED INEQUALITIES	
CORPORATE GOVERNANCE AND ETHICS	GRI 205: Anti Corruption GRI 206: Anti Competitive Behavior	Maintaining the highest standards of ethics and corporate governance is necessary to maintain the trust of our investors and customers	Within the organization		16 PEACE, JUSTICE AND STRONG INSTITUTIONS	
REGULATORY COMPLIANCE	GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance	Compliance to rules and regulations helps us maintain good relationships with the local and central governments and also sustain our goodwill over the years	Within the organization		16 PEACE, JUSTICE AND STRONG INSTITUTIONS	

MATERIAL TOPIC	ASSOCIATED GRI AND SASB DISCLOSURES	SIGNIFICANCE OF THE MATERIAL TOPIC	IMPACT BOUNDARY	KEY STAKEHOLDERS IMPACTED	LINKED SDGs	KEY CAPITALS IMPACTED
CUSTOMER SATISFACTION		Identification and fulfilment of customers' needs and expectations is essential for their retention and loyalty, thereby contributing to increased business	Within and outside the organization		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	
EMPLOYMENT PRACTICES	GRI 401: Employment GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity	Fair recruitment, hiring processes, and efforts to build a congenial work environment through structured training/performance appraisal helps us in employee retention	Within the organization		5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	
ENGAGEMENT WITH BUSINESS PARTNERS		Using an ESG lens to identify and associate with business partners, will help us create sustained value in the long run	Within the organization		17 PARTNERSHIPS FOR THE GOALS	
DIGITALIZATION		Strategic partnerships with fintechs have allowed us to expand customer base significantly and serve niche segments, because digitalization drives innovation in traditional offerings	Within and outside the organization		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	
COMMUNITY DEVELOPMENT	GRI 413: Local Communities	Our contribution to health, education, livelihood and poverty alleviation is critical to maintaining our social license to operate and to creating wider prosperity	Outside the organization		1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY	

MATERIAL TOPIC	ASSOCIATED GRI AND SASB DISCLOSURES	SIGNIFICANCE OF THE MATERIAL TOPIC	IMPACT BOUNDARY	KEY STAKEHOLDERS IMPACTED	LINKED SDGs	KEY CAPITALS IMPACTED
CLIMATE CHANGE	GRI 302: Energy GRI 305: Emissions	Mitigating climate risks provides opportunities for efficiency, innovation, and growth; we seek to reduce carbon footprint in our everyday operations towards this end, and hence consider this a material topic	Within and outside the organization	Customers, Employees, Investors/Shareholders, Government/Regulators	7 Affordable and Clean Energy 13 Climate Action	Natural Capital, Physical Capital, Social and Relationship Capital, Financial Capital
EMPLOYEE HEALTH AND WELLNESS		Investing in employee health and wellness is essential for enhancing productivity, and also ensures their retention and overall job satisfaction	Within the organization	Employees	3 Good Health and Well-Being	Human Capital, Financial Capital
RESOURCE MANAGEMENT	GRI 303: Water and Effluents GRI 306: Waste	Our focus lies on achieving resource efficiency in terms of energy, water, paper and e-waste, since we do not have any other significant environmental impact	Within and outside the organization	Investors/Shareholders, Government/Regulators, Employees	12 Responsible Consumption and Production	Natural Capital, Social and Relationship Capital, Financial Capital

Financial Capital
Social and Relationship Capital
Intellectual Capital
Natural Capital
Human Capital
Physical Capital

Investors/ Shareholders
Business Partners
Customers
Communities/ NGOs
Government/ Regulators
Employees

SAFEGUARDING SUCCESS THROUGH EFFECTIVE RISK MITIGATION

IIFL Finance adheres to a structured and systematic approach to identify and manage risks across the diverse operations. By conducting meticulous risk assessments, evaluating potential impact and developing mitigation strategies, we ensure proactive risk management. The risk management and mitigation plan are then reviewed by the relevant committee and assessed by the Board of Directors, providing a robust framework to manage risks.

The risk management framework of our Company is designed to optimize the risk-return relationship while strictly enforcing compliance with all applicable laws, rules, and regulations that are relevant to all our commercial activities.

We use the 'Three Lines-of-Defence' approach, where the first line of defence is management's control to guarantee adherence to set rules and procedures at the corporate entity-level. The management-instituted risk control and compliance supervision functions are the second line of defence. The internal audit/ assurance function is the third and last line.

IIFL MANAGEMENT

Consideration of risks across all functions and operations

Managerial supervision and control of risks

RISK CONTROL AND COMPLIANCE

Mapping and assessment of risks across our Company

Rolling out initiatives for risk mitigation, including compliance

INTERNAL AUDIT

Independent review of activities across the first two stages

Conducts internal audit and reports results to the Board

IIFL FINANCE: RISK MOATS

ENTERPRISE RISK MANAGEMENT FRAMEWORK

- Contemporary and dynamic risk management
- Risk universe covers 14 types of risks
- Holistic approach covering non-financial risks

OPERATIONAL EXCELLENCE

- Strong Internal controls with an in-built maker-checker process
- Risk-based Internal audit to provide risk assurance
- Promoting risk culture and awareness
- Agile and nimble in quickly plugging in the learnings

GOVERNANCE & COMPLIANCE

- Independent, marquee Board and highly experienced senior management
- Board-driven strategic plans, risk philosophy
- Analysis of a change in Company strategy, considering the opportunities in diverse industries

BUSINESS MODEL

- Strong retail franchise
- Physical Ecosystem
- Strategic co-lending and partnerships with banks & fintechs
- Diversified product mix
- Wide geographical penetration

RISK TRAINING

IIFL Finance has a well-defined comprehensive Enterprise Risk Management ('ERM') Framework in place and a robust organizational structure to identify, assess, measure and monitor risks and strengthen controls to mitigate risks. We have established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimization procedures being followed by our Company and steps taken by it to mitigate these risks.

The ERM adopted by us uses defined Key Risk Indicators based on quantitative and qualitative factors. A two-dimensional quantitative Heat Map has been implemented, which enables the management to have a comprehensive view of various identified risk areas based on their probability and impact.

With the objective of strongly embedding risk management within the culture and day-to-day activities of employees at IIFL, we conducted several training programs throughout the year. These included Head of Departments and key stakeholders across IIFL Finance, IIFL Samasta Finance Limited and IIFL Home Finance.

Financial Capital

Social and Relationship Capital

Intellectual Capital

Human Capital

Natural Capital

Physical Capital

TECHNOLOGY & CYBER SECURITY RISK

The risk of disruption, loss, or damage caused by the failure of technology systems or cyberattacks.

MITIGATION

Management periodically reviews various technology risks such as protecting sensitive customer data, identity theft, cybercrimes, data leakage, business continuity, access controls, and others. Our Company has implemented processes, systems, and tools to ensure vigilant monitoring, audit logging, and suspicious activity reporting. Defense in Depth Approach adopted to safeguard information at every layer. The company implemented tools for mitigating various security risks - privileged identity management to control privilege access, advanced malware detection and protection, end-point encryption, mobile device management, network firewall to protect from cyber-attacks, web application firewall to protect from hacking, Web secure remote access from non-office network, Brand Protection to protect abuse of IIFL Finance Brand, Dark Web Monitoring to monitor the organization information and customer data and secured internet access.

Key capitals involved

LIQUIDITY AND FUNDING RISK

The risk of not having sufficient funds to meet operational or financial obligations leading to liquidity and solvency issues.

MITIGATION

Our Company has established a Risk Management and Asset Liability Management (ALCO) Committee to regularly review financing policies, systems, controls, and positions.
The ALCO Committee monitors liquidity risk fortnightly and monthly through reviews of asset and liability maturities, categorizing and evaluating them for mismatches. Monthly portfolio quality reviews and risk reporting are conducted, and housing finance policies are approved jointly by the CEO, CRO, and policy head with consultation from functional heads. A stress testing mechanism has been established to carry out event-based sensitivity analysis and identify the accounts under stress due to expected market movement.

Key capitals involved

CREDIT RISK

The risk of default by a borrower or counterparty leading to financial loss to our Company.

MITIGATION

We established a Credit and Investment Committee to evaluate medium to large credit proposals while adhering to product-specific lending regulations. Our Company manages credit risk using credit approval committees, exposure monitoring, and regular risk identification, assessment, and mitigation processes. Monthly portfolio reviews are conducted on financial and non-financial parameters, and credit concentration is monitored continually with a board-approved policy.

Key capitals involved

COMPLIANCE RISK

The risk of not complying with applicable laws, regulations, policies, and standards leading to financial loss, reputational damage, and legal liability.

MITIGATION

Our Company has a compliance department staffed by experienced professionals in compliance, legal, and audit functions. The department guides businesses on regulatory compliance and monitors regulation implementation for governance and reporting. Business-specific Compliance Manuals, Limit Monitoring Systems, and Anti-Money Laundering (AML)/Know Your Customer (KYC) policies are implemented. Compliance with corporate acts is verified by independent secretarial auditors, and reports and recommendations are considered by the Board.

Key capitals involved

OPERATIONAL RISK

The risk of loss resulting from inadequate or failed internal processes, people, and systems.

MITIGATION

We have established an Operational Risk Management Committee (ORMC), meeting quarterly to review identified risks, root causes, and action tracking reports. Standard Operating Procedures (SOPs) and Risk Control Self-Assessment (RCSAs) are reviewed and signed off annually, and each department appoints a nodal officer responsible for reporting incidents and assisting with corrective actions. Our Company has systems for incident and loss reporting, capturing Risk Control Assessments (RCAs), corrective and preventive actions, responsible persons, and timelines.

Key capitals involved

CLIMATE CHANGE RISK

Climate change can lead to physical risks (economic losses due to physical damage to property and assets from extreme weather events due to climate change) and transition risks (the process of adjustment to a low-carbon economy and its possible effects on the value of financial assets and liabilities).

MITIGATION

We have formulated an ESG policy to address this risk. Over the past two years, we have been exploring ways in which we can make our branches and offices more efficient while consuming energy/water and managing wastes. Likewise, our housing finance subsidiary has been lending to green housing units and has been generating awareness around building affordable green homes across the entire value chain – builders, financiers and buyers. At a consolidated level, we have been actively driving awareness around ESG and climate change across our employees, value chain partners and customers. The CSR initiatives of IIFL Foundation and IIFL Samasta have focused on installation of solar panels, solar street lights, across our communities to make them more sustainable. We continue to explore initiatives aimed at making our operations more environment-friendly.

Key capitals involved

FINANCIAL CAPITAL

EMPOWERING GROWTH, STABILITY AND PROSPERITY

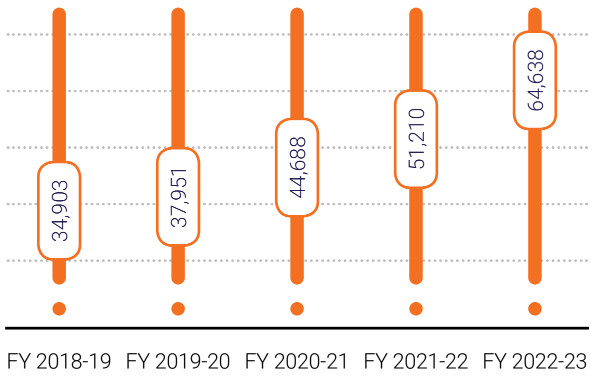
Material issues involved	Strategies involved	SDGs involved
Economic performance	S1	8 Decent work and economic growth
Engagement with business partners	S3	
	S4	

Our Company's financial performance is a testament to the prudent and disciplined approach we follow while managing our financial resources. Our aim is to optimize capital, through our co-lending and direct assignments as both help in giving superior and consistent returns to our stakeholders. Being a credit-providing entity, we have to keep ourselves adequately capitalized in order to meet the customers' incremental and dynamic demands at any given point in time. Our focus is on ensuring that we maintain a healthy balance of equity and debt funds. Cumulatively, these efforts by our expert finance team enable us to maintain a solid balance sheet.

As an indicator of a strong diversified retail product offering, with the majority of the portfolio inclined towards diversified retail loans, extensive branch network, and adequate capitalization, CRISIL, ICRA and CARE Ratings have maintained their rating at AA (Stable) for IIFL Finance Limited. Moody's, on the other hand, upgraded our credit rating in April 2023 from B2 to B1 (Stable).

LOAN UNDER MANAGEMENT

(₹ in Crore)*

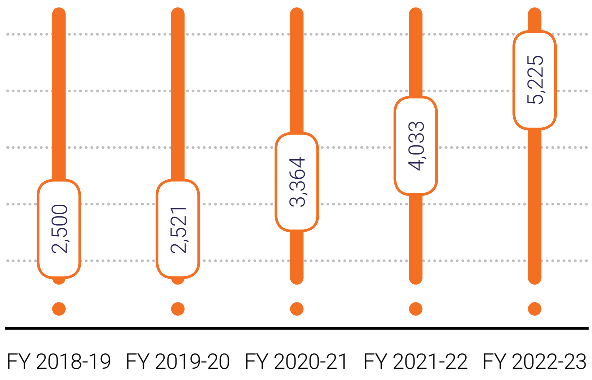


5-year CAGR: **16%**

Excluding divested Commercial Vehicle Financing business

INCOME

(₹ in Crore)*

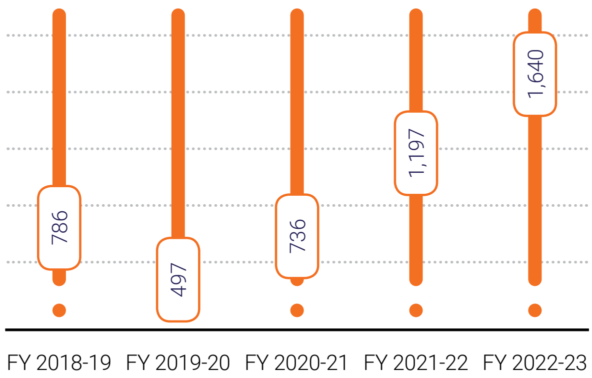


5-year CAGR: **23%**

Net of interest expense

NET PROFIT (TCI)^

(₹ in Crore)*

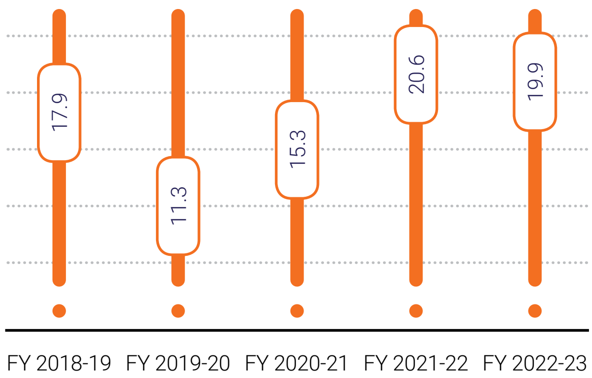


5-year CAGR: **29%**

^Pre-minority

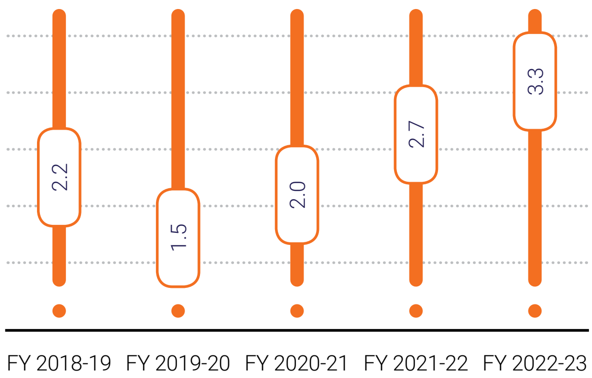
RETURN ON EQUITY

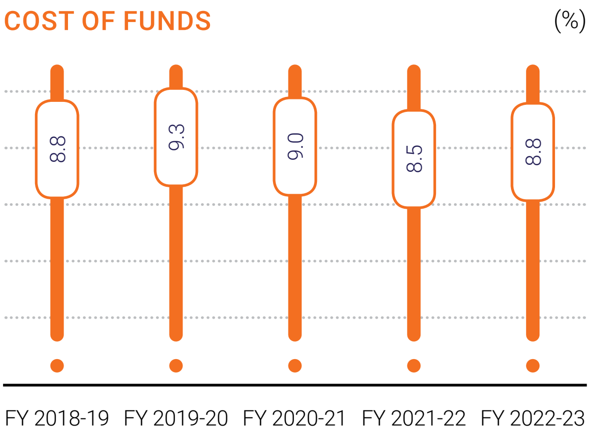
(%)

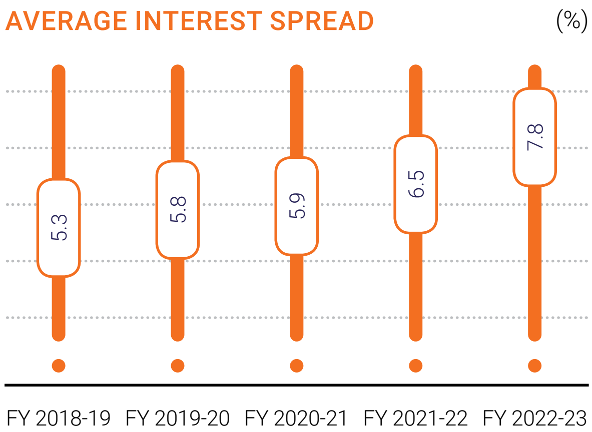


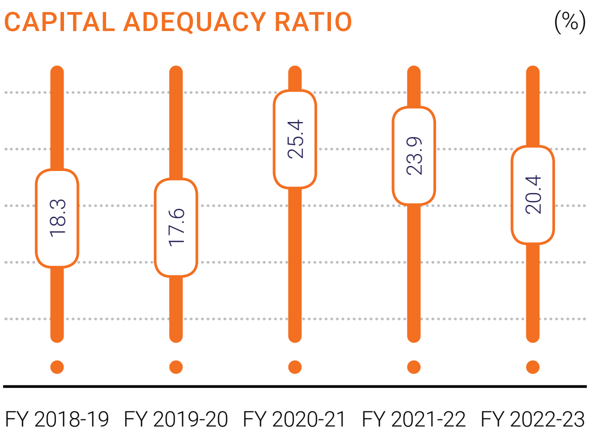
RETURN ON ASSETS

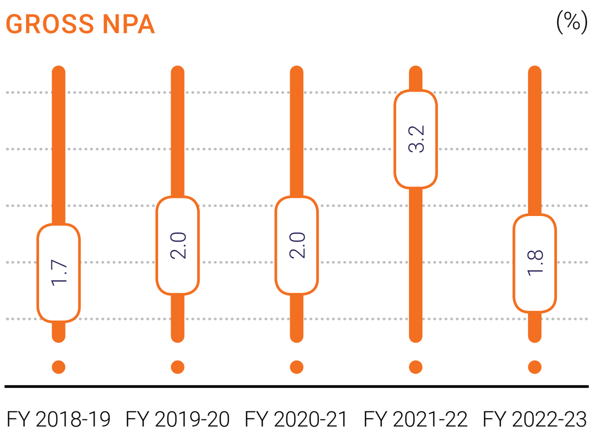
(%)











ECONOMIC VALUE DISTRIBUTED (EVD)

We are committed to driving sustainable financial growth while ensuring responsible management of our capital. Through astute capital optimization strategies, we actively contribute to fueling economic activity across the nation. By channeling funds through various credit avenues, we foster an ecosystem that empowers individuals to build their wealth and facilitates the expansion of businesses. Our diverse portfolio; encompassing gold loans, home loans, loan against property, digital loans, microfinance loans, construction & real estate, and capital market finance, enables us to cater to a wide range of financing needs.

We take pride in our achievements, as evidenced by our remarkable growth achieved by maintaining a competitive edge.

In FY 2022-23, our Asset Under Management (AUM) witnessed significant growth, reaching ₹ 64,638 Crore, an increase of 26% compared to FY 2021-22. This achievement underscores our ability to attract and manage investments effectively. Moreover, on this front, our consistent five-year Compound Annual Growth Rate (CAGR) of 16% demonstrates our long-term commitment to sustainable and responsible financial practices.

Economic performance

(₹ in Crore)

Particulars	FY 2022-23	FY 2021-22
Direct economic value generated: Revenues	8,447.11	7023.61
Economic value distributed	7,012.74	5,962.13
Operating costs	4,983.29	4,538.11
Employee wages and benefits	1,329.50	930.74
Payments to providers of capital (Dividends)	173.63	132.82
Payments to the Government (Taxes)	504.97	347.72
Community investments (CSR)	21.35	12.74
Economic value retained	1,434.37	1,061.48

Performance across other financial indicators

Particulars	FY 2022-23	FY 2021-22	FY 2020-21
Credit Rating	AA Stable	AA Stable	AA Stable

CAPITAL TRADE-OFFS

Financial Capital Interlinked with other Capitals

INTELLECTUAL CAPITAL	Our intangible assets, such as branding, technology-based infrastructure, payment interfaces for strategic partnerships, and collaborations with banks, remain robust due to consistent funding into these initiatives.
PHYSICAL CAPITAL	Our financial capital plays a crucial role in expanding our presence across the country by establishing more branches. This expansion enables us to reach a larger population of underserved individuals and communities.
HUMAN CAPITAL	Through the allocation of financial capital, we ensure fair and non-discriminatory compensation for our employees, thereby fostering their retention and enhancing productivity.
SOCIAL AND RELATIONSHIP CAPITAL	We recognize the importance of nurturing strong relationships with our customers, communities, investors, and other stakeholders within our ecosystem. This requires investments of both time and financial resources, aimed at regular and meaningful interactions.
NATURAL CAPITAL	By investing in conscious and responsible management of our day-to-day operations, we aim to minimize our environmental impact. This commitment not only contributes to sustainability but also promotes long-term cost efficiency for our business.

PHYSICAL CAPITAL

UNITING REAL AND VIRTUAL TO DRIVE GROWTH

Material issues involved	Strategies involved	SDGs involved
Data and customer privacy Financial inclusion and literacy Customer satisfaction Engagement with business partners Digitalization Resource management	S4 S7 S6	8 Decent work and economic growth 9 Industry, innovation and infrastructure

> Today, we have a wide network of 4,267 branches across every nook and cranny of the country. With an emphasis on evolving with the changing times, we leverage technology while maintaining a significant physical presence through continual investment in our branch network. Our end-to-end digital services, right from customer onboarding to loan disbursement, reflect our customer-centric approach. Thus, providing a seamless experience to our customers. Continuing with this momentum, during FY 2022-23, we added 971 new branches under our industry presence, across the country.

LEVERAGING TECHNOLOGY + **INVESTING IN PHYSICAL PRESENCE**

Ensuring a Seamless Customer Experience

4,267
Branches

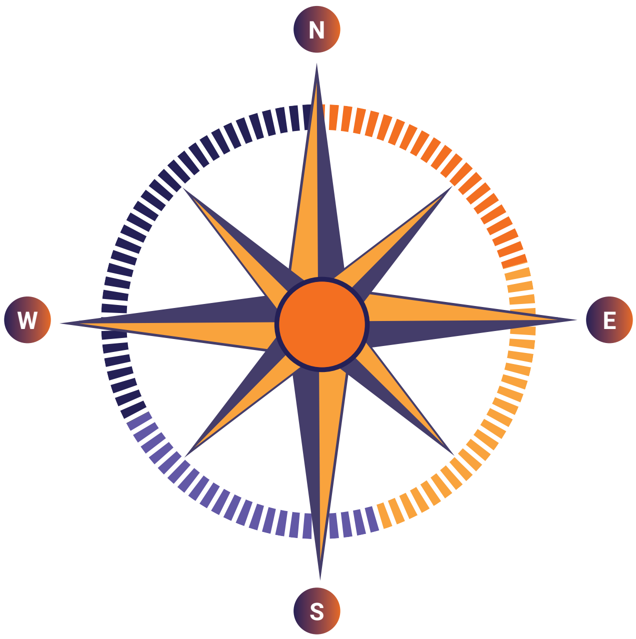
BRANCH SECURITY

Owing to the sensitive nature of our business, we have significantly invested in branch security. Our safety features include.

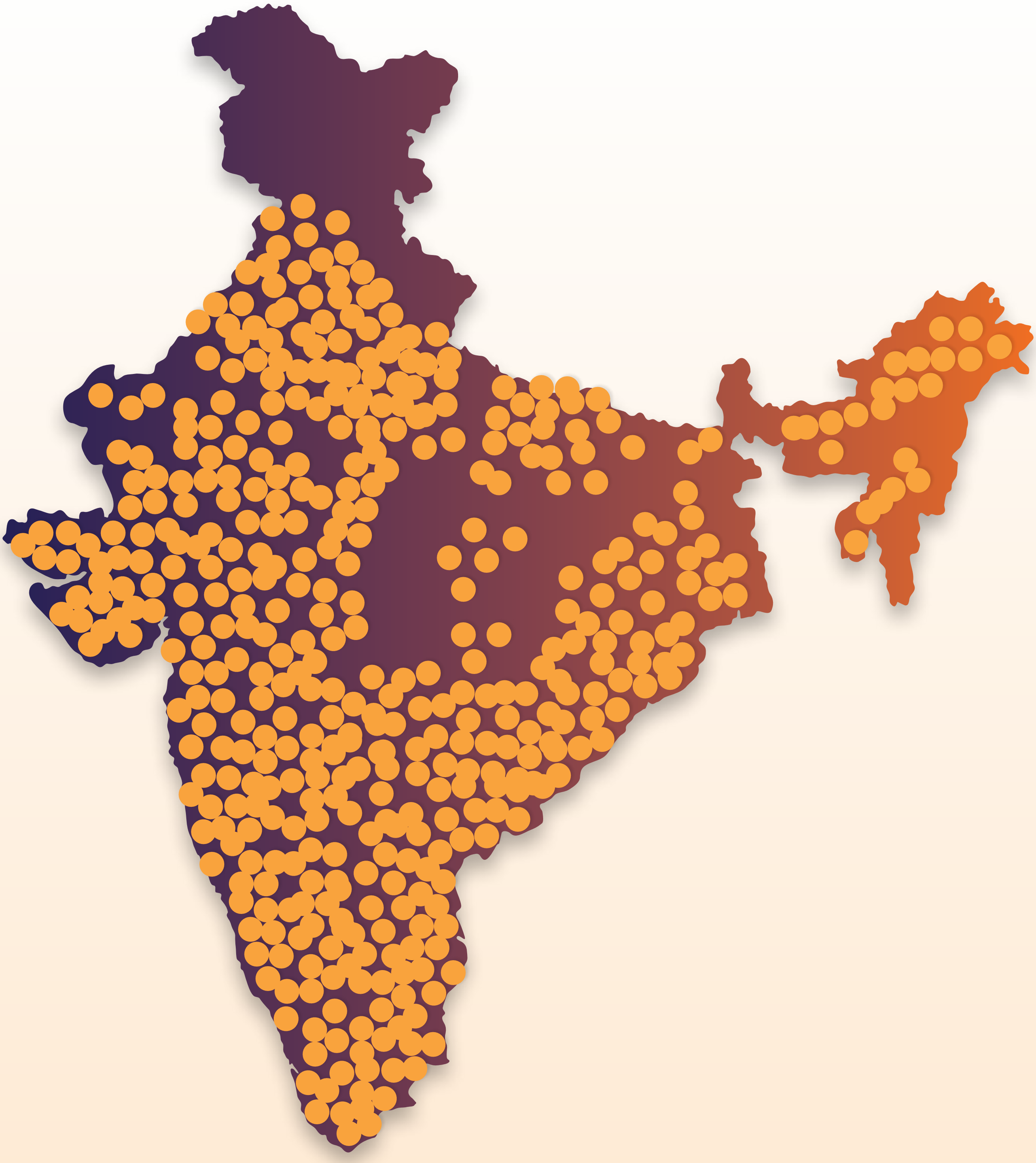
- Branches equipped with security guards, specialized security agencies, CCTV, IP cameras, and sensors strategically placed for enhanced surveillance
- Implementation of an Artificial Intelligence (AI) monitoring system in branches
- 24x7 control room with trigger-based remote surveillance, panic switches, and a two-way audio system
- Vaults reinforced with steel cage panels and vibration sensors, along with OTP-based authentication
- Branch vaults upgraded with cellular drawers featuring a dual key mechanism
- Utilization of technological advancements such as Artificial Intelligence and GPS-based tracking

REGIONAL SPLIT OF BRANCHES

- 21% East
- 25% West
- 22% North
- 33% South



OUR PAN-INDIA BRANCH PRESENCE



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

IIFL Finance Limited has been instrumental in fulfilling my financial needs when I borrowed ₹ 1,00,000 approximately a year ago. Their exceptional customer service and the outstanding behavior of their staff left me completely satisfied and grateful for their assistance. I am eager to spread the word about the services offered by IIFL Finance to my friends and family, encouraging them to take advantage of the Company's benefits. My heartfelt wishes go out to the Company for their continued success.

Deepak Bhargav

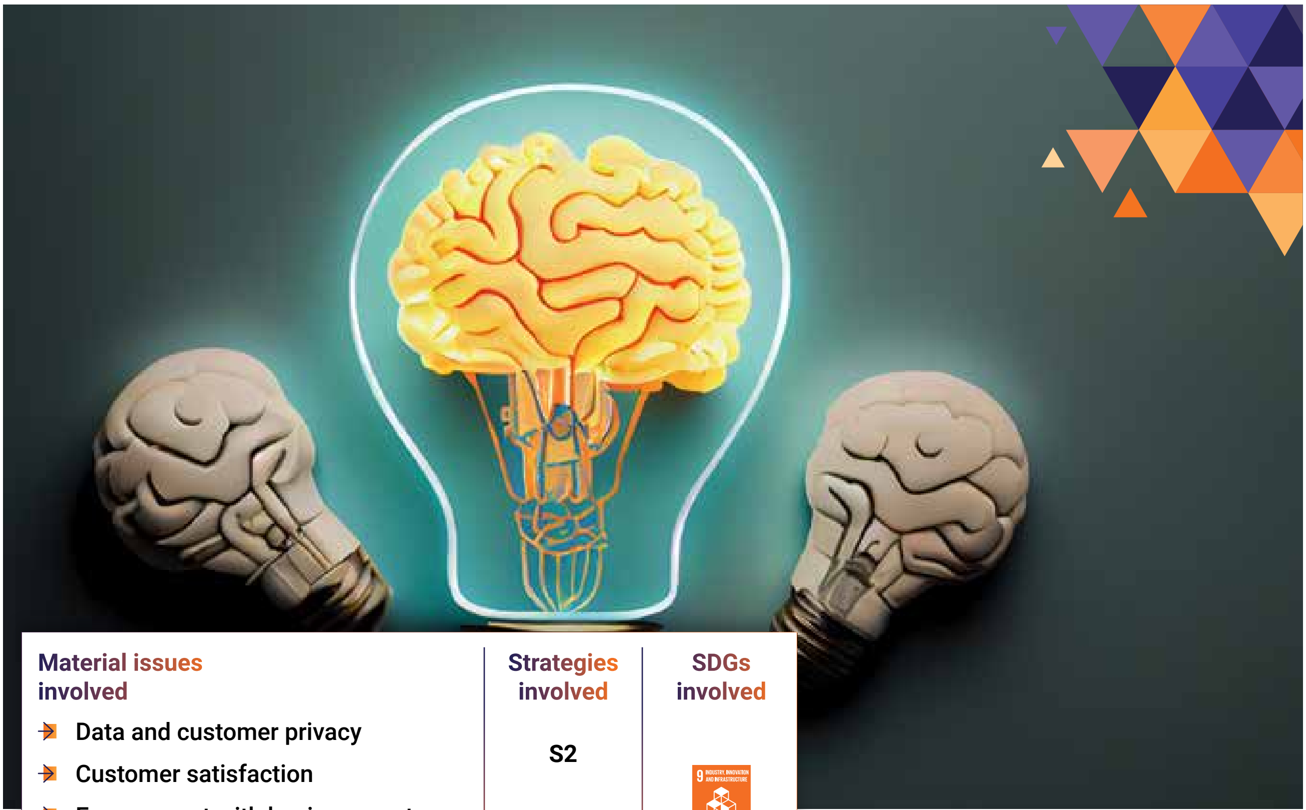
CAPITAL TRADE-OFFS

Physical Capital interlinked with other Capitals

FINANCIAL CAPITAL	Our phygital assets enable us to establish and maintain profitable operations throughout the country, both in traditional and digital channels.
INTELLECTUAL CAPITAL	The presence of Physical Capital in our organization plays a crucial role in preserving our brand reputation, technology infrastructure, strategic partnerships with third-party payment interfaces, collaborations with banks for co-lending, risk management, and the delivery of effective services to underserved populations.
HUMAN CAPITAL	As our Physical Capital generates revenue, it is appropriately allocated to compensate our valuable human resources.
SOCIAL AND RELATIONSHIP CAPITAL	The existence of Physical Capital has facilitated the development of strong relationships with local stakeholders and underprivileged communities.
NATURAL CAPITAL	We are actively working towards maximizing the efficient utilization of natural resources and minimizing wastes at our branches and offices, aiming to reduce our environmental impact.

INTELLECTUAL CAPITAL

HARNESSING KNOWLEDGE AND INTEGRATING TECHNOLOGY



Material issues involved	Strategies involved	SDGs involved
Data and customer privacy Customer satisfaction Engagement with business partners Digitalization	S2 S6	9

As a frontrunner in the competitive NBFC space, we have successfully integrated technology into our operations, delivering efficient and reliable service to our customers. By strengthening our digital architecture, we maintain our position as a leader in the segment, setting us apart in the crowd.

Technological integration is a key pillar of our business strategy, empowering us to drive growth and utilize our capital efficiently. Our customer-centric approach and focus on innovation create custom solutions for evolving needs. Our advanced digital platform delivers unparalleled financial services, setting us apart as a leader.

We offer a completely paperless experience from the first interaction with our customers, via our digital platform. Our services include customer onboarding to credit underwriting, loan disbursement, and collection, ensuring a seamless and efficient experience. Repayments are made easy and secured with our fintech integrations, including strategic partnerships with leading platform providers such as Paytm, PhonePe, Google Pay, MobiKwik and BHIM, among others.

INTEGRATING DIGITALIZATION THROUGH…

Our mobile application

We have developed mobile applications that deliver a seamless account-handling experience for our customers. These applications enable the customers to avail a complete online loan application process that they can access without visiting the branch. The application also eliminates the need for extensive paperwork, making the process hassle-free.

I am a customer of IIFL Finance Limited, referred by my loyal friend Shivlal, who is also their customer. I approached IIFL Finance for a loan to fulfill personal requirements, and they promptly approved my application. The customer service I received from IIFL Finance left me extremely content, and I wholeheartedly recommend their services to everyone I know. Best wishes to the Company for a prosperous future.

Agarasen

IIFL Loans app

The IIFL Loans app is a user-friendly platform that allows customers to access their account data, including account statements, and provides the option to avail online top-ups, renewal of gold loans, and instant personal loans. The app enables faster EMI payments and smoother issue resolution for clients, offering efficient servicing and support to existing and new customers. The app's design allows for better analysis of customer data and the provision of customized solutions.

My Money app

Our proprietary application enables our esteemed patrons to avail instant and paperless unsecured business loans and personal loans. Additionally, the application streamlines the process of managing finances for our clients. With a fully online loan application process, our application ensures a hassle-free experience for our users. Business loans ranging from ₹ 40,000 to ₹ 30,00,000 and personal loans ranging from ₹ 40,000 to ₹ 5,00,000 are available through this app.

INTEGRATING WHATSAPP FOR INSTANT BUSINESS LOANS

At IIFL Finance, availing business loans instantly has been made easier with the integration of WhatsApp. We are the first business entity to introduce business loans through WhatsApp in the country.

KEY FEATURES

Hassle-free customer onboarding

Our new chat interface simplifies the loan application process, providing instant access while taking even less than 10 minutes to complete. Our 24x7 lending option is now more accessible than ever. We have also embedded an account aggregator to reduce the need for tedious bank statement drop-offs. Our streamlined and efficient process aims to make the journey less daunting and more manageable for our customers.

Powered by AI-bot

Our AI-bot streamlines the loan application process by matching user inputs to the appropriate loan offer, eliminating the need for paperwork and manual verification. The bot also handles KYC and mandate creation for a seamless process. With minimal paperwork required, our lending services offer maximum convenience for loans up to ₹ 1 Million. The streamlined process ensures quick processing and clearance within 5 minutes, providing efficient access to funds for our customers.

Supported by robust data analytics

Streamlining our underwriting process, we have implemented machine learning models that provide real-time risk assessments, allowing us to make faster and more informed lending decisions. And to ensure a seamless customer experience, we offer E-KYC and E-Signature capabilities, making it easy for clients to complete transactions remotely.

Enhanced fraud monitoring

We have integrated fraud checks throughout the client journey and have deployed a cutting-edge fintech solution that generates fraud scores. This approach allows us to quickly identify and address potential fraudulent activity, providing our clients with peace of mind and a secure financial experience.

PARTNERSHIP WITH BANKS FOR CO-LENDING, CO-ORIGINATION BUSINESS MODEL

IIFL Finance has maintained long-standing partnerships with multiple banks to strengthen our loan disbursement.

GOLD LOAN TIE-UPS

- DBS
- DCB BANK
- Canara Bank
- Union Bank of India
- SHIVALIK Small Finance Bank
- UCO BANK
- SOUTH INDIAN Bank
- Karur Vysya Bank

MFI TIE-UPS

- Canara Bank

HOME LOAN TIE-UPS

- punjab national bank
- State Bank of India
- Central Bank of India
- Union Bank of India
- Punjab & Sind Bank
- ICICI Bank

MSME LAP TIE-UPS

- punjab national bank
- Central Bank of India
- Indian Bank
- ICICI Bank
- Punjab & Sind Bank

The latest addition to our co-lending partnership is in the gold loan and microfinance loan against property segment.

IDBI BANK

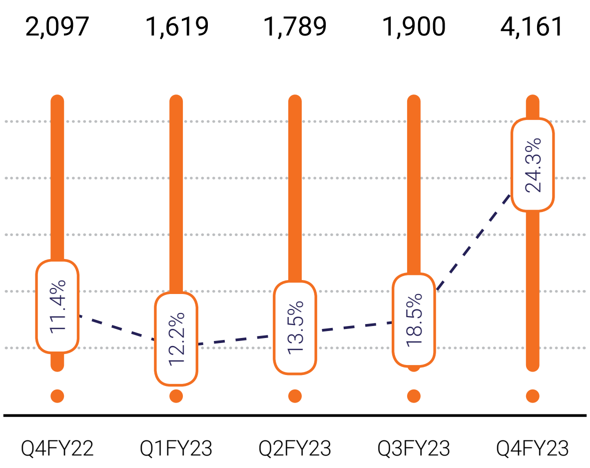
GOLD LOAN

Indian Overseas Bank

MICRO LAP

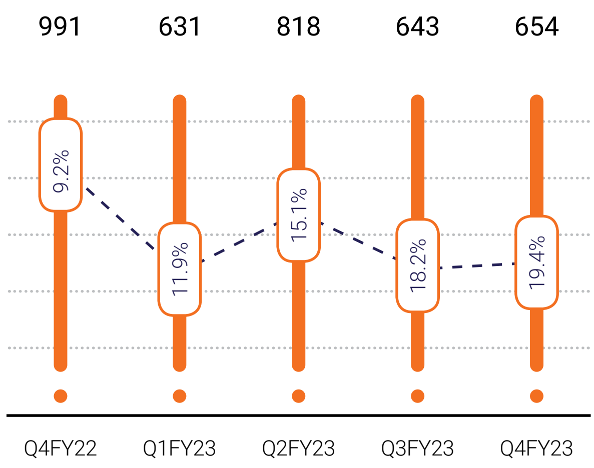
CO-LENDING DISBURSEMENT HAS GAINED MOMENTUM

GOLD LOAN



Co-lending disbursement (₹ Crore)
Co-lending as a % of AUM

HOME LOAN



Co-lending disbursement (₹ Crore)
Co-lending as a % of AUM

DIGITALIZATION IN THE PORTFOLIO SEGMENTS

HOME LOAN

During FY 2022-23, our Company onboarded and approved 99% of home loans through digital platforms.

LOAN AGAINST PROPERTY (LAP)

Leveraging the technology-led phygital infrastructure and strong in-house data analytics capability to drive income from the segment.

GOLD LOAN

In FY 2022-23, we continued improvements in 'Digital Gold Loan' for facilitating customers to avail online top-up and renewal of their gold loans.

MICROFINANCE LOAN

Our Company achieved 100% cashless disbursements in FY 2022-23 through various digital collection methods, including UPI - Fingpay, Sakhi, AEPS, UPI collection using WhatsApp, and BBPS.

ENHANCING CYBERSECURITY PROSPECTS IN IIFL FINANCE

We prioritize information security and have adopted a Defence in Depth approach. We have implemented security controls across every layer, including the application, cloud, server, network, data, and endpoint, to safeguard our organization and client information from potential threats.

We prioritize information security with a top-down approach aligned with our business objectives, regulatory requirements, and industry best practices. Our Cyber Security Framework undergoes regular review by both the IT Strategy and Information Security Steering Committees to maintain its effectiveness. We remain vigilant and proactive in our approach, recognizing that information security is an ongoing process that requires constant attention.

Strengthening our cybersecurity by ensuring...

- Sustained compliance with various applicable laws and regulations, including those enforced by RBI, CERT-IN, and other information security guidelines
- Unwavering information security practices and mature business continuity management
- Successful completion of the ISO 27001:2013 (ISMS) re-certification audit in January 2023
- Implemented a Next-Generation Firewall for securing our network and Cloud perimeter

Our approach towards cybersecurity entails...

- Implementation of industry-standard cyber security protocols and Gartner's Leaders Category security technologies
- Allocating adequate budget for security controls implementation
- Strengthening the information security team by appointing skilled people and industry experts
- Our Company onboarded SOC as a managed security service and sustained ISO:27001 recertification with no Major or Minor NCs
- Cyber Insurance Cover increased to ₹ 100 Crore from ₹ 25 Crore
- Implemented Endpoint Privilege Access Tool to control Admin access
- Enhanced BCMS Framework and completed BCMS Internal audit based on ISO:22301
- Enhanced Vulnerability Management Program with adoption of all 3 approaches including White box, Black box and Grey box testing
- Secure Code review was carried by external partner for critical applications
- Enhanced governance framework with close monitoring and review of Security patching, Antivirus Controls

CAPITAL TRADE-OFFS

Intellectual Capital interlinked with other Capitals

FINANCIAL CAPITAL	By striving to develop fresh and inventive solutions for our clients, we enhance our ability to connect with a broader range of target audiences. This, in turn, boosts both our profitability and the well-being of marginalized communities.
PHYSICAL CAPITAL	The advancement of novel financial products and solutions, including adaptations like digital transactions, influences the arrangement and design of our branches. We aim to create a more customer-centric experience through these changes.
HUMAN CAPITAL	Since innovation is an ongoing process, it also affects the regular job responsibilities of our employees. This necessitates training to ensure their adaptability to the required changes.
SOCIAL AND RELATIONSHIP CAPITAL	As we progress towards offering a more inclusive and responsible range of solutions, we anticipate that our efforts will be recognized by our key stakeholders. This recognition will foster trust in our organization over an extended period.
NATURAL CAPITAL	We firmly believe that integrating sustainability into our solutions and operations as a fundamental practice will yield long-term environmental benefits. Furthermore, it will serve as a demonstration to the stakeholders we engage with.

HUMAN CAPITAL

NURTURING TALENT, BUILDING RESILIENCE

Material issues involved	Strategies involved	SDGs involved
Employment practices	S4	
Employee health and wellness	S7	

We recognize our people as our greatest asset. With a firm commitment to effective human resource management, we prioritize the empowerment, development, and well-being of our employees. By fostering a culture of continuous learning, inclusivity, and engagement, we unleash the full potential of our workforce, driving growth and excellence across the organization. Our dedication to nurturing talent, promoting diversity, and ensuring a fair and rewarding work environment forms the foundation for our success in delivering exceptional financial services and building long-lasting relationships with our stakeholders.

EMPLOYEE VALUE PROPOSITION

Our Employee Value Proposition (EVP) is deeply rooted in our culturally rich ethos, where Fairness, Integrity, and Transparency (FIT) along with an Owner Mindset form the foundation of our core values. We strive to create an environment that empowers our workforce to learn, grow, and evolve in their journey at IIFL.

We foster an open door and listening culture, ensuring that every employee has a voice and feels heard. We believe in providing ample opportunities for career progression and development, enabling individuals to unleash their full potential and achieve their professional aspirations within our organization.

Diversity, Equity, and Inclusion (DEI) are fundamental to our success. We are committed to building a culture that embraces and celebrates differences. Through the introduction of relevant policies, comprehensive awareness training, and targeted initiatives, we actively promote a diverse and inclusive workplace where everyone can thrive and contribute their unique perspectives.

Following a rich cultural ethos of **FIT (Fairness, Integrity and Transparency)**

Fostering an **Open Door and Listening** Culture

Our fundamentals of success **Diversity, Equity, and Inclusion**

ATTRACTING THE BEST TALENT

At IIFL Finance, we foster an entrepreneurial culture where the principles of 'Workers Own & Owners Work' thrive. This unique environment fuels the motivation of our employees to innovate, create, and take calculated risks. It is this culture that not only fosters loyalty but also attracts and retains the very best talent.

To strategically align the immense potential of talent with our business needs and create a lasting impact, we have implemented several top-notch recruitment methodologies. Our flagship management program, I-Ace, offers a platform for nurturing future leaders. Through the National Apprenticeship Program Scheme, we provide apprenticeship opportunities that empower individuals to develop practical skills and gain valuable industry experience. Additionally, our Employee Referral Mela program encourages our employees to refer exceptional candidates who can contribute to our organization's success.

We are committed to fostering inclusivity and creating a participative culture that engages every member of our workforce. This dedication has earned us the accolade of 'Innovation for All'. By embracing diversity and ensuring equal participation, we unlock the full potential of our employees and drive innovation at every level. Recognizing the importance of talent development, we offer best-in-class orientation and professional development programs. These initiatives are designed to transform rural youth into skilled professionals who can deliver their best to the organization. By investing in their growth, we create a dynamic and skilled workforce that propels our collective success.

We continue to be a **Great Place to Work (GPTW)** certified organization

TRAINING AND DEVELOPMENT

We have always recognized the importance of a knowledge-driven approach in realizing our vision and unleashing the full potential of our workforce. With a strong focus on nurturing the capabilities of our people, we have implemented various initiatives to foster continuous learning and development.

One of our flagship programs is the Gurukul program, specifically designed for IIFL Samasta Finance employees, to develop and empower mid-level leaders who play a pivotal role in engaging their team members to achieve key results. In collaboration with CMR University, we have curated a comprehensive 30-day module that is delivered in three intervals over a span of nine months. This program equips our leaders with the necessary skills and knowledge to excel in their roles.

To support digital learning and provide increased access to learning content, we have implemented Moneyversity, our online Learning Management System (LMS). Moneyversity offers a wide range of in-house courses, enabling our employees to engage in self-paced learning and stay updated with the latest industry trends and practices.

Some of the key learning modules carried out by IIFL Finance during the year include:

AARAMBH

A refresher training for our junior branch staff to help them to adjust to their new role, make a smoother transition into the business and assimilate into our Company culture.

FIRST-TIME MANAGER PROGRAM

This is an intervention to develop the people manager capability within IIFL through a structured learning journey that is a blend of classroom and e-learning modules. The program is curated to cover all recently hired or promoted branch managers.

ESG & BRSR TRAINING

The training has been rolled out through couple of e-learning modules to all employees and is aimed at creating awareness regarding ESG & BRSR.

EMPLOYEE WELL-BEING/HEALTH AND SAFETY

At IIFL Finance, our employees' well-being is paramount. We prioritize their health and happiness, fostering a supportive work environment where they can thrive. Through our comprehensive well-being project, we champion the importance of healthy living and address the mental and physical wellness of our workforce.

Throughout the year, we have launched impactful initiatives focused on vital areas such as mental health, physical wellness, psychological safety, inclusion, and equity. Collaborating with renowned health and wellness partners like YourDost and Livlong, we provide 24/7 counselling services and engaging webinars. Our workplace campaigns, informative videos, and reorientation sessions ensure awareness and accessibility to our Employee Wellbeing & Assistance Program (EWAP).

We understand that employee well-being goes beyond mere benefits; it is about fostering a culture that truly cares. By prioritizing their holistic well-being, we empower our employees to thrive personally and professionally. Their success is our success, and we remain dedicated to creating an environment where every individual feels supported, valued, and inspired.

Joined Hands with Esteemed Health and Wellness Partner YourDost

EMPLOYEE ENGAGEMENT PROGRAMS

We have implemented a comprehensive employee engagement framework that prioritizes the holistic well-being and growth of our employees. Throughout the year, we actively organized a diverse range of engagement activities centered around office-based and online fun at work events, festive celebrations, leadership townhalls, internal engagement surveys (WhatsUpIIFL), and external employer branding and engagement surveys.

Our engagement initiatives aim to create an inclusive and enjoyable work environment where employees feel valued and connected. We believe that by fostering a sense of belonging and providing opportunities for personal and professional development, we empower our employees to thrive.

KEY EMPLOYEE ENGAGEMENT INITIATIVES

OFFICE ENGAGEMENT

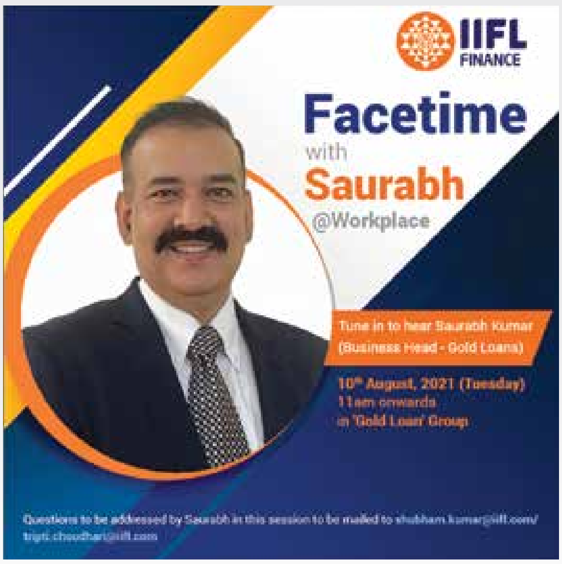
This includes occasions like Independence Day, Ganesh Chaturthi, Navratri, Diwali, Christmas, Appreciation Month 2023.

CELEBRATING IMPORTANT DAYS

We celebrate Yoga Day Quiz, Significant Days' postings, and Women's Day Celebration in our workplaces.

LEADERSHIP CONNECT

By promoting open communication channels and facilitating direct interaction with our senior management, we aim to strengthen trust, enhance engagement, and ensure that every employee's voice is heard and valued. Our town halls exemplify our dedication to fostering a culture of transparency and meaningful dialogue within our organization. To facilitate this, we organize periodic town halls with key leaders such as the Managing Director, Chief Human Resources Officer (CHRO), and respective business heads. Throughout the year, we have conducted a total of 20 town halls at the organizational level, marking a significant milestone in our commitment to promoting transparent dialogue.



DIVERSITY, EQUITY AND INCLUSION

At IIFL Finance, we organize office training sessions like Unconscious Bias awareness training for senior leadership and all other employees. We have also partnered with India Diversity Forum (IDF) which is India's only independent industry body formed to spread awareness about diversity and inclusion.

SURVEYS

Internal engagement surveys (What'sUp IIFL survey)

In our commitment to strengthening a culture of listening and organizational improvement, we recently conducted the What'sUp IIFL Survey—an internal pulse survey designed to gather valuable feedback from all employees. This survey provided us with insights into multi-level engagement scores within the workplace, offering a comprehensive view of our organization.

External employer branding and engagement surveys (GPTW)

Achieving the Great Place to Work Certification is a prestigious recognition that organizations strive for as a testament to their status as an Employer of Choice. At IIFL, we continuously aim to be at the forefront of the NBFC sector. For the past five consecutive years, we have proudly obtained the Great Place to Work certification, boasting an impressive Trust Index score of 83—the highest and most recent achievement to date.

KEY HR INITIATIVES UNDERTAKEN DURING FY 2022-23 INCLUDE

Aarambh

Induction training program for sales employees to orient the new joiners on IIFL Vision, Core Values, Processes, Roles and Responsibilities, Gold Valuation and Sales Management Planning.

F.I.T Helpline

A service powered by KPMG to allow stakeholders and customers for reporting their concerns of misconduct through dedicated reporting channels.

National Apprenticeship Program Scheme (NAPS)

Through our NAPS initiative we provide employment opportunities to the youth from Tier II and Tier III cities, giving them a well-defined career path for shaping their future. We have also strategically tied up with skill development academies across India to recruit such budding talent.

CAPITAL TRADE-OFFS

Human Capital Interlinked with other Capitals

FINANCIAL CAPITAL	Our people help us in driving growth as well as efficiency across our several business segments and departments. This, in turn, aids our overall financial performance.
PHYSICAL CAPITAL	Physical Capital, in the form of human resources, has facilitated the development of skills and expertise among our employees, enabling us to establish a local presence and effectively serve underserved populations.
INTELLECTUAL CAPITAL	There is a significant contribution from our workforce in implementing, maintaining, and enhancing intangible assets such as our brand image, technology infrastructure, payment systems, and customer service platforms.
SOCIAL AND RELATIONSHIP CAPITAL	Enhancing the capabilities of our personnel helps us maintain positive relationships with customers, communities, investors, and other stakeholders within our ecosystem.
NATURAL CAPITAL	Raising awareness among our employees about incorporating eco-friendly practices into their daily routines helps us reduce our operational impact on the environment.

SOCIAL AND RELATIONSHIP CAPITAL

BUILDING TRUST, FOSTERING GROWTH

Material issues involved	Strategies involved	SDGs involved
Responsible lending	S2	1 No Poverty, 3 Good Health and Well-being
Responsible marketing		
Financial inclusion and literacy	S5	4 Quality Education, 5 Gender Equality
Customer satisfaction		
Engagement with business partners	S7	8 Decent Work and Economic Growth, 10 Reduced Inequalities
Community development		16 Peace, Justice and Strong Institutions, 17 Partnerships for the Goals

> We strive to foster a positive impact in society and the community, reflecting our unwavering commitment to this objective. Our services are designed to effectively promote financial inclusion throughout the community. Our achievements are closely tied to the value we deliver to society. A deep understanding of our purpose guides our strategies and decision-making, striking a balance between long-term value and short-term outcomes.

By leveraging our social and relationship capital, we actively work towards bridging the gaps that hinder financial inclusivity and equitable development. Through our concerted efforts, we aspire to bring about a significant and positive transformation within society. With each initiative, we foster an environment that propels progress and upliftment, empowering individuals and communities alike.

Driving customer convenience through our products:

GOLD LOAN

- Our Gold Loan at Home service provides borrowers with the utmost convenience
- Highly trained executives appraise gold in the comfort of clients' homes, ensuring a hassle-free experience
- Following the appraisal, loans are disbursed directly into the borrowers' bank accounts
- Our digital top-up and renewal services lend added convenience to our valued customers

68%
Gold Loans less than ₹ 50,000 in value

46%
Loans given to small businesses

84%
Gold Loan branches located in Tier II and Tier III cities

HOME LOAN

- IIFL Home Finance Ltd. is aligned to the government's Pradhan Mantri Awas Yojana (PMAY) under 'Housing for All' mission
- We extend home loan solutions to first-time home buyers, emphasizing on low-ticket sizes
- One of our focus lies on empowering women under the Government's Credit Linked Subsidy Scheme (CLSS)

2,13,700+
First-time home buyers

₹ 1,750 Crore+
Amount of CLSS facilitated

73,000+
Families benefited under CLSS-PMAY (U)

59%
Loans to female owners/co-owners

All figures are as on March 31, 2023

DIGITAL LOANS

- We are dedicated to promoting and empowering MSMEs by integrating them into the organized lending sector
- Our primary objective is to provide crucial support to MSMEs through working capital and business growth loans
- Our aim is to facilitate the growth and development of MSMEs, enabling them to thrive in the competitive business landscape

75%
Unsecured loans less than ₹ 1 Million

MICROFINANCE

- IIFL Samasta Finance, our subsidiary, is dedicated to offering small-ticket microfinance loans to self-employed women
- Loans are provided through organized Joint Liability Groups (JLGs), ensuring a systematic and supportive framework
- Aim to facilitate the progress of underserved communities, empowering them to embrace a brighter future

23.5 Lakhs
Customers

19,300+
Dairy farmers supported through 25 cattle health centers in 3 states

ENHANCED BRANDING, GREATER PUBLIC VISIBILITY

Our enhanced branding activities are designed to capture the essence of our business and resonate with the target audience. Our influential partnerships, and optimized digital presence positions our brand in front of the right audience. With our expertly crafted strategies, IIFL Finance generates the buzz, drives meaningful engagement, and makes a lasting impression in the minds of consumers.

In the pursuit of becoming India's go-to loans destination, IIFL Finance embarked on a mission to enhance brand visibility and expand its reach, empowering individuals to fulfill their dreams. To spread this message far and wide, the Company implemented several key initiatives during FY 2022-23.

Enhancing Brand Visibility

IIFL Finance enlisted renowned actress Tamannaah Bhatia as its brand ambassador, leveraging her pan-Indian appeal to lend credibility and recognition to the brand across the length and breadth of the country. This association reaffirmed the Company's commitment to reaching every corner of India and empowering individuals with the finance they need.

'Sapna Aapka, Loan Hamara' Campaign

IIFL Finance positioned itself as the preferred loan provider for millions of small entrepreneurs and individual borrowers, striving to transform their aspirations into reality. This country-wide marketing campaign, spanning TV, digital, cinema, radio, and print media, targeted the unbanked and under banked segments, catering to their growing credit needs. With affordable home loans, gold loans, business loans, and microfinance loans, IIFL Finance has already served over eight million customers.

IIFL JITO Ahimsa Run

IIFL Finance proudly sponsored the IIFL JITO Ahimsa Run, marathon-based event, held simultaneously in 50+ Indian cities. It demonstrated our dedication to non-violence and unity. The initiative received the Guinness World Records title for the highest number of pledges received for a peace campaign in a week.

Seedhi Baat - Simple, Honest and Direct

At the core of IIFL Finance's customer value proposition lies the principle of "Seedhi Baat" – simplicity, honesty, and directness. By keeping loan products simple, ensuring transparency, and maintaining an unwavering commitment to customer relationships, IIFL Finance provides financial solutions in the most uncomplicated and straightforward manner.

Initiatives for improved customer service

- Throughout the year, IIFL Finance implemented several key initiatives to enhance customer satisfaction and elevate their overall experience. One such initiative was the introduction of Easy Rewards (Insta Rewards), a program that rewarded customers for their transactions and loans with us. With every transaction, customers earned Insta Reward points, which could be redeemed for exciting home utility gifts, providing them with added value and appreciation for their loyalty.
- Recognizing the importance of convenience, we launched the MOHO App, empowering customers with the ability to close their gold loans at home. By raising a ticket, we ensured swift closure within 24 hours, streamlining the process and saving our customers valuable time and effort.
- To maintain transparent communication, we proactively engaged with customers through our Digital Top-up service. By consistently assessing their eligibility for loan top-ups, we kept them informed of available options through digital channels, ensuring a seamless and convenient experience.
- We placed great emphasis on customer engagement by implementing the Net Promoter Score (NPS) activity monthly. This initiative enabled us to gauge the customer experience and categorizing respondents as Detractors, Promoters, or Passives. By closely monitoring the NPS score, calculated by subtracting the percentage of Detractors from the percentage of Promoters, we gained valuable insights into the overall satisfaction levels of our customers and identified areas where enhancements were needed.

Gold Loan Mela

We organized our flagship sales campaign, the Gold Loan Mela which is a limited period campaign where customers stand a chance to win mega prizes like car, bikes, fridge etc. In a span of about 45 days (from November 15, 2022 to December 31, 2022), more than 20 lakhs people signed up for the campaign.

Success Stories

Customer Insights

I am extremely satisfied with the exceptional service provided by IIFL Finance Limited when I availed a business loan for my salon venture. This loan has played a crucial role in driving the steady growth of my business. I wholeheartedly recommend IIFL Finance Limited to anyone seeking a business loan, as their service quality is truly exceptional.

Mula Ram

As a longstanding client of IIFL Finance Limited, I have had the privilege of utilizing their gold loan service. As a businessman, this gold loan has proven to be immensely beneficial for my business. I am delighted to share that the services provided by the Company have consistently exceeded my expectations. Without hesitation, I wholeheartedly recommend their gold loan services exclusively to everyone I know.

Abdul Ajij

SOCIAL INCLUSION THROUGH OUR COMMUNITY DEVELOPMENT AND SUPPORT ACTIVITIES

As a responsible financial services institution, we place immense importance on earning the trust and respect of the broader community. It is our ongoing endeavor to continuously strengthen and empower our society. In pursuit of this objective, we have developed a robust Corporate Social Responsibility (CSR) strategy that addresses some of the most pressing societal challenges.

Our CSR initiatives focus on five key areas of development, collectively known as HELP: Health, Education & Environment, Livelihood, and Poverty alleviation which have been developed under the aegis of IIFL Foundation. In designing these programs, we place significant emphasis on creating opportunities for the girl child and enhancing the skills of women, particularly those from marginalized and vulnerable communities. By doing so, we contribute to the achievement of several Sustainable Development Goals (SDGs), including Gender Equality (SDG5), Reduced Inequalities (SDG10), No Poverty (SDG1), Quality Education (SDG4), and Good Health and Well-being (SDG3).

Our CSR policy has been formulated in alignment with Schedule VII of Section 135 of the Companies Act, 2013. For more detailed information, the CSR policy can be accessed through IIFL Finance's official website.

- **H** Health
- **E** Education & Environment
- **L** Livelihood Support
- **P** Poverty Alleviation

OUR PRIORITIES FOR THE CSR ACTIVITIES

Schedule VII of Sec 135

Education	63.66%
Healthcare	11.13%
Skill Development	8.69%
Disaster Relief	0.24%
Animal Welfare	1.57%
Environment	9.21%
Livelihood	4.10%
Vocational Training	1.40%
	100%

ALIGNMENT OF OUR CSR INITIATIVES WITH UN SDGs

SESAME COMMUNITY RADIO

An initiative for improving learning and mental well-being outcomes for young children and caregivers through community radio in Jhunjhunu district of Rajasthan. Total 1,000 children and 1,000 caregivers have benefited from this initiative.

SMART SHALA

A program to promote academic learning of teachers and students at Government schools in Jodhpur, Bikaner & Jaipur.

Through this program, we engage with 1.03 lakhs students and 3,052 teachers from 1,526 Government schools.

DIGITAL SHALA

A program for supporting digitalization in learning at 25 Government schools, at Udaipur district in Rajasthan. Total 5,000 students have benefited from this initiative.

HOSPITALITY TRAINING PROJECT - KUPWARA

Training on hospitality and chef trade at Kupwara, an aspirational district in Kashmir. A total of 160 youths have been trained under this initiative.

SMART CLASSROOM

Developing of smart classroom at Government Senior Secondary School, Khedi Block, Khamnore, District - Rajsamand, Rajasthan.

DEVELOPMENT OF EMERGENCY SERVICES AT GOVERNMENT HOSPITAL

We worked with Maharana Bhupal Government Hospital, Udaipur (Rajasthan), to develop 3 operation theaters, an ICU, an outpatient department (OPD) and Orthopaedic Surgery Ward.

URBAN FOREST

Developed Urban Forest in Mumbai, with plantation of 10,000 trees. Also supported development of Botanical (Medicinal) Garden at Institute of Science (Mumbai) to conserve 1,000 species of medicinal plants/herbs.

DRONE FOR AGRICULTURE

A custom-made drone was developed for R&D in Agriculture (AgriDrone) and donated to Maharana Pratap University of Agriculture & Technology (MPUAT), Udaipur to benefit farmers.

ANNUAL MEDICAL CAMP

Supported annual medical camp held at 2 locations - Barsana, Uttar Pradesh and Solapur, Maharashtra. 6,750 patients benefited from this camp in Maharashtra.

OUR KEY PROGRAMS

Sakhiyon ki Baadi

In order to fulfill our objective of improving the female literacy rate in the state of Rajasthan, we have implemented a flagship program known as 'Sakhiyon ki Baadi.' This program specifically targets girls who are not enrolled in school, have irregular attendance, or have dropped out. Our focus is on developing their foundational literacy and numeracy (FLN) skills and subsequently facilitating their enrollment in government schools.

Additionally, we have formed a partnership with a government body to enhance the academic capacity of teachers in 1,526 schools. This collaboration involves the engagement of 3,052 teachers and benefits approximately 1.03 lakhs students. Both of these programs are committed to long-term sustainability.

To gain insights into the impact of the 'Sakhiyon ki Baadi' program and to plan future strategies, the CSR committee has assigned an agency to conduct assessments, specifically evaluating the Social Return on Investment (SROI) and overall program impact. This assessment aims to understand the positive changes brought about by the program and guide our future course of action.

IMPACT ASSESSMENT OF SAKHIYON KI BAADI

Impact assessment of our 'Sakhiyon ki Baadi' initiative was undertaken by Sattva consulting, an independent agency. The key findings are as follows:

- The implementation of the program in every village, combined with effective parent mobilization, has facilitated access to high-quality education for children, particularly girls, in Rajasthan
- The program has created a conducive platform for students to seamlessly engage and participate in society
- Students have been sensitized and empowered to address social issues, including gender inequality
- The program has contributed to a positive shift in the community's attitudes and provided students with an environment that nurtures their professional aspirations
- The program has helped women gain access to education by educating them to become 'Dakshas' who take on the role of teaching young girls

16,800 Students Benefited

560 Women Benefited

Above figures pertains to IIFL Finance only.

Maa Baadi: Learning Centers

The project 'Maa Baadi' is dedicated to providing formal education to children belonging to indigenous tribal communities. These children reside in remote regions of Rajasthan, where access to government schools is non-existent. In collaboration with the Tribal Area Development (TAD) Department, IIFL Foundation has undertaken the task of rehabilitating the 'Maa Baadi' centers, ensuring essential infrastructure and sanitation facilities are in place, and working towards eliminating illiteracy.

Within the 30 'Maa Baadi' centers, we have implemented digital learning tools, established libraries, and developed play areas to enhance the learning experience. Regular training sessions conducted by subject matter experts for the teachers involved in this initiative are given significant emphasis. To ensure seamless and sustainable supply of power, we have installed solar panels, solar-powered water pumps, and ceiling fans. Additionally, efforts have been made to repair toilet facilities.

In our endeavor to create an ideal learning environment, we have also upgraded the overall ambience of the centers with play areas, set up libraries, and painted the walls to create a welcoming and nurturing atmosphere for education and growth.

900
Students benefited

Development emergency services at Government Hospital in Udaipur

The project entailed the development of 3 operation theaters, an intensive care (ICU), an outpatient department (OPD), cabins for senior doctors & resident doctors and a waiting area for family members of the patients.

The work was completed by November 2022 and the facility benefits individuals from the marginalized section from Udaipur and neighboring districts.

60,000
Beneficiaries

OUR KEY PROGRAMS

We, at IIFL Finance, through our dedicated initiatives, actively contribute to the advancement of livelihood development. Our efforts focus on promoting various areas such as women's employment, and local art & craft. These initiatives aim to foster sustainable livelihoods and empower communities by creating opportunities in these specific sectors.

Hospitality and Chef Trade Program, Kupwara, Kashmir

The objective of the program is to train 160 youth in the Hospitality Training Program (Chef Trade) and support them secure internships and subsequent employment. Each batch consists of 40 trainees who are trained for a period of 90 days.

The program intends to provide market-related Hospitality training to the youth from Kupwara District in Kashmir, the last district on the northern front, thereby contributing to the economic and social development of the region.

160

Youth from marginalized communities benefited

Partnering with Ms. Aishwarya Pissay

IIFL Foundation and IIFL Finance have partnered with Aishwarya Pissay in her quest for becoming the top bike racer in the world. The first Indian to win the FIM World Cup in women's category, 27-year old Aishwarya has kept the Indian tricolour flying high on a global stage in a sport that has been traditionally dominated by men. Aishwarya is the only Indian (both men and women) to win a global bike rally. This is a rare instance of a financial services Company partnering with a female athlete. Ms Pissay, who won the prestigious FIM Bajas World Cup is also the first Indian woman to win 7 FMSCI National titles, including 6 consecutive Indian National Rally Championship in two-wheelers from 2017. Aishwarya is an inspiration for millions of girls around the world and will partner with IIFL group in its mission to empower women and girls in India.

Gulabi Gaon

In the village of Gulabi Gaon, located in Nashik, Maharashtra, we have established a Business Hub (Bazar Haat) and a Community Hall with the aim of developing entrepreneurial skills among women. The developed facility allows to provides skill development training to women in the region and enhances livelihood opportunities for the villagers. Activities such as food processing, production and sale of herbal products, computer and soft skills training are conducted at the community hall. Additionally, the center actively promotes awareness of women's social rights within the communities. Through these initiatives, we strive to foster economic growth, skill development, and social empowerment in Gulabi Gaon, enabling the villagers to improve their quality of life and pursue sustainable livelihood opportunities.

OTHER INITIATIVES

Tree plantation drive

Our employees actively took part in the 'Urban Forest' project, an initiative aimed at planting 11,000 trees (10,000 of Urban forest and 1,000 at Institute of Science) within the urban landscape of Andheri, Mumbai. This project was undertaken with the goal of enhancing the green coverage in the city and promoting a sustainable environment.

In addition, our employees enthusiastically participated in a tree plantation activity conducted at the Institute of Science in Mumbai. This collaborative effort aimed to contribute to the conservation of over 1,000 species of medicinal plants and herbs. The objective behind this initiative is to facilitate research and development in the field of medical science, recognizing the significance of these plants for their potential therapeutic value.

11,000
Trees planted

IIMA's first swimming pool

IIFL Foundation contributed towards the construction of IIMA's first swimming pool at par with Olympic standards. Mr Nirmal Jain, Founder, IIFL Group and an alum (PGP 89) inaugurated the IIFL Swimming Pool with IIMA Director, Prof Bharat Bhasker.

Ms Chaavi Moodgal, CEO, IIM Endowment Fund thanked IIFL Foundation for contributing towards improving sports and recreation amenities at the Indian Institute of Management Ahmedabad Campus. She added, "The swimming pool is a much loved addition to IIMA"

Flagship CSR Programs

Through our subsidiary IIFL Samasta Finance Limited, we have implemented several flagship CSR initiatives focused primarily on empowering underprivileged communities. Our CSR activities aim to foster economic development within these communities. We firmly believe that by acting as catalysts for change and development, we can enable individuals to overcome limiting circumstances and strive towards sustainable livelihoods. The CSR activities by IIFL Samasta primarily focus on areas such as health, livelihood, education, literacy programs, cattle well-being, skill development, environment, and renewable energy. To fulfill these aspirations, we have partnered with NGOs that help us maximize our reach and drive a greater positive impact on society and communities.

CSR Awards – IIFL Foundation

- Bestowed with the 'Most Innovative Solution for COVID-19' for vaccine delivery by drone initiative at World CSR Congress 2022
- Recognized as India's Greatest CSR Brand at ASIA One Awards
- Honored Ms. Madhu Jain as she received the Blackswan Award for Women Empowerment at ASIA One Awards
- Awarded for the Best Sustainability Education Program at Global Sustainability Leadership Awards
- Presented with the Sustainable Carbon Management Award at Global Sustainability Leadership Award
- Conferred as 'Champion of Change' by ET Now for bringing over 36,000 out-of-school girl children into the education fold
- Recognized at the 'Social Entrepreneur of the Year' at Asian Leadership Awards 2021
- Secured third position in the 'Last Mile Champions for Girls Right' at PLAN International 2021, recognizing Ms. Geeta Suthar's, a teacher from 'Sakhiyon ki Baadi' efforts

CAPITAL TRADE-OFFS

Social and Relationship Capital interlinked with other Capitals

FINANCIAL CAPITAL	Cultivating enduring and reliable connections with stakeholders enables us to enhance our financial standing.
PHYSICAL CAPITAL	Ongoing engagement with all stakeholders empowers us to bolster our blended physical and digital presence.
INTELLECTUAL CAPITAL	The dynamic and evolving needs of stakeholder groups serve as vital inputs for the development and advancement of our intellectual capital.
HUMAN CAPITAL	By creating sustainable, long-term value for all stakeholders, we inspire our employees to excel and foster higher rates of employee retention.
NATURAL CAPITAL	As stakeholder awareness of climate change increases, companies with minimal carbon footprints will be preferred.

DETAILS OF OUR CSR INITIATIVES

SL. NO	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT	LOCATION OF THE PROJECT		TOTAL NO. OF BENEFICIARIES
			STATE	DISTRICT	
1	**Sakhiyon ki Baadi**	Education	Rajasthan	Udaipur, Pratapgarh	16,800 students 560 women
2	**Development at Government Hospital - Emergency Services**	Promoting Healthcare	Rajasthan	Udaipur	60,000
3	**Phulwari (Maa Bari)**	Promoting Education	Rajasthan	Udaipur	900 students
4	**Development at Government School, Dabok**	Promoting Education	Rajasthan	Udaipur	500 students
5	**101 Sewing Machines donated to women entreprenurs**	Promoting Education	Rajasthan	Chittorgarh	101 women
6	**Drone for Agriculture (Agridrone)**	Promoting Education	Rajasthan	Udaipur	500 farmers
7	**Raincoats for Mumbai Police** **Made by homeless individuals under livelihood project, from recycling used material**	Promoting Education	Maharashtra	Mumbai	500
8	**Urban Forest**	Promoting Ecological Balance	Maharashtra	Mumbai	10,000 plants planted
9	**Botanical Garden**	Promoting Healthcare	Maharashtra	Mumbai	1,000 plants planted
10	**Smart Shaala – Rajasthan**	Promoting Healthcare	Rajasthan	Jodhpur, Bikaner & Jaipur	1526 Schools 1.03 lakhs students 3,052 teachers benefited
11	**Annual Status of Education Report (ASER)**	Promoting Education	Chhattisgarh	Raipur	

12	**Sesame Community Radio**	Promoting Education	Rajasthan	Jhunjhunu	1,000 children & 1,000 caregivers
13	**Medical Camp**	Promoting Healthcare	Maharashtra	Solapur	6,750 patients
14	**Medical Camp**	Promoting Healthcare	Uttar Pradesh	Mathura	2,000 patients
15	**Ambulance – Community Health Center**	Promoting Education	Rajasthan	Rajsamand	720 cases
16	**Ophthalmic Surgery Ward – Community Health Center**	Promoting Education	Rajasthan	Rajsamand	300 cases
17	**Digital Shaala**	Promoting Education	Rajasthan	Udaipur	Students from 25 schools Approx. 5,000 students
18	**Flood Relief**	Disaster Relief	Maharashtra	Satara	100 dry ration kits
19	**Construction of Assembly Hall & Sanitation facility – Government Senior Secondary School, Madar**	Promoting Education	Rajasthan	Udaipur	500 students
20	**Training – Hospitality & Chef Trade, at an Aspirational District in Kashmir**	Promoting Vocational Training	Jammu & Kashmir	Kupwara	180 youths
21	**Maintenance of a public place - Garden**	Promoting Flora	Maharashtra	Mumbai	3,000 community members
22	**Medical relief work – Lumpy cow disease (Veterinary)**	Promoting Animal Welfare	Rajasthan	Rajsamand	1,000 cattle
23	**Smart Board at Government School**	Promoting Education	Rajasthan	Rajsamand	300 students
23	**Glocalbodh - Capacity building of NGOs/Trusts**	Skill Development	Maharashtra	Mumbai	50 organisations

NATURAL CAPITAL

UPHOLDING OUR COMMITMENT TO SUSTAINABILITY

Material issues involved	Strategies involved	SDGs involved
Responsible lending	S4	
Climate change and GHG emissions		
Resource management	S5	

Nature is an integral part of our daily activities and is currently the most sensitive topic to discuss in the business realm. This is mainly owing to the greater focus of organizations around the globe towards sustainability and the protection of natural resources. This enables the sense of being a responsible corporate entity while delving deeper to realize the sustainability goals and efficiently monitoring the environmental footprints.

We understand that our role extends beyond the confines of mere business operations. We bear a significant responsibility towards our environment, and as such, we have undertaken sustainability initiatives that are deeply intertwined with our environmental endeavors. These efforts serve to uphold our commitment to the prudent and responsible utilization of natural resources, thereby safeguarding their efficiency for the benefit of present and future generations.

Our environmental initiatives are mainly divulged into five different verticals viz.,

- Green buildings
- Optimizing energy consumption
- Water conservation
- Reducing paper consumption
- Waste management

KUTUMB: GREEN BUILDING INITIATIVE

IIFL Home Finance, a subsidiary of IIFL Finance Limited, has pioneered creating affordable green housing through the Kutumb. Under the Kutumb initiative, IIFL Home Loan brings together developers, policymakers, architects, academicians, green rating agencies and financial institutions, all united in our shared vision.

This enables the organization to fulfil the customers' aspiration of affordable homes while maintaining a lesser environmental impact on the planet. Kutumb serves as a vibrant hub where ideas are exchanged, collaborations are forged and innovative solutions are born. By fostering this collaborative ecosystem, we are driving transformative change and propelling the growth of green affordable housing throughout the country.

15
Kutumbs conducted as on March 31, 2023

GREEN VALUE PARTNERS (GVP)

IIFL Home Finance has established an internal technical team known as the 'Green Value Partner (GVP)' with the purpose of assisting developers in implementing environmentally sustainable construction practices and navigating certification procedures throughout the entirety of their projects. The primary objective of this initiative is to foster a consistent provision of eco-friendly buildings in India by offering support to developers in the areas of certification, documentation, and auditing pertaining to green building design and construction. As on March 31, 2023; we had 29 pre-certified projects and 1 certified project.

192 ML p.a.
Water Savings

3,323 MWH p.a.
Energy Savings

3,057 Tons p.a.
GHG Emission Offset

** Above numbers are for the FY 2022-23.*

ENERGY AND EMISSION MANAGEMENT

Effective energy and emission management strategies play a crucial role in mitigating environmental impact and promoting sustainable practices within our organization. The adoption of advanced technologies and innovative practices in energy and emission management enables us to optimize resource utilization, minimize waste, and contribute to a cleaner and greener future.

Energy Management

At IIFL Finance, we have adopted a two-pronged approach to reduce our energy footprint viz, replacing energy-intensive lighting with energy-efficient ones to reduce our indirect energy consumption and implementing initiatives to introduce behavioral change among our employees to engage in conscious management of day-to-day environmental footprint. Energy-efficient lighting is the main component of our strategy to lower our energy usage at our branches. To achieve this, we ensure LED lights are installed across all our new branches. The same have been installed across all our older branches. We subscribed to the green energy tariff program from Tata Power for our large office in Mumbai during Q4 of FY 2022-23

EMISSION MANAGEMENT

Our commitment to reducing greenhouse gas emissions is evident through a series of initiatives implemented across our organization. To begin with, our Gurugram office earned the prestigious LEED Gold Certificate, highlighting our dedication to sustainable construction and energy-efficient practices. Additionally, our registered office building is equipped with a rainwater harvesting system, allowing us to reuse recycled wastewater for flushing and watering plants. Lastly, we strive to drive digitalization within our operations, actively reducing paper consumption and promoting a more sustainable approach to our daily activities.

LEED Gold Certification

for Gurugram Office

Paper Consumption Reduction

In our commitment to sustainable practices, we have achieved significant progress in digitizing and automating loan application processes during FY 2022-23. This effort led to a substantial reduction of 3.9 tons of paper consumption, aligning with our dedication to conserving resources and promoting a paperless future.

Water Recycling

At IIFL Finance, efficient utilization of water resources is a top priority. Through innovative measures, we implemented a system to recycle excess water from RO water purifiers, redirecting it for use in toilets and urinals. In FY 2022-23, we successfully recycled a substantial volume of water. Furthermore, the installation of water sensors in our washrooms intelligently regulates water usage, ensuring responsible water management and conservation.

Waste Management

As passionate advocates for responsible waste management, we actively promote recycling practices. By collaborating with authorized vendors, we ensure proper disposal and recycling of e-waste and paper waste generated within our organization. Additionally, our comprehensive waste management initiative accurately measures waste generation, guiding us in employing appropriate disposal methods. Our unwavering commitment to waste reduction underscores our dedication to minimizing environmental impact and fostering a cleaner, greener future.

CAPITAL TRADE-OFFS

Natural Capital Interlinked with other Capitals

FINANCIAL CAPITAL	By implementing energy-saving initiatives and adopting practices like water recycling, we can also achieve cost rationalization while demonstrating our commitment to sustainability and enhance our ESG ranking.
PHYSICAL CAPITAL	The availability of natural resources plays a vital role in establishing the necessary physical infrastructure for expanding our business's footprint, underscoring their significance to our operations.
INTELLECTUAL CAPITAL	Embracing sustainability in our offerings will gradually reshape our approach to innovation, enabling us to incorporate sustainable practices into our thought processes and drive positive change.
HUMAN CAPITAL	Integrating environmental conservation as an organizational culture will not only impact our work culture but also influence our learning and development initiatives, fostering a collective commitment to sustainability.
SOCIAL AND RELATIONSHIP CAPITAL	The responsible use of resources ensures our contribution towards making common resources available and accessible to everyone in society, aligning with our mission to promote equitable resource utilization.

GOVERNANCE FRAMEWORK

FOSTERING TRANSPARENCY AND ACCOUNTABILITY

Material issues involved	Strategies involved	SDGs involved
Corporate governance and ethics Regulatory compliance	S1	16 Peace, Justice and Strong Institutions

8 Board Members

5 Independent Directors

1 Non-executive Director

1 Woman Independent Director

At IIFL Finance, we uphold the utmost standards of corporate governance, ethics, and integrity. We firmly believe that robust governance practices are essential for fostering enduring relationships with all our stakeholders, propelling us towards our vision of becoming the most respected Company in the financial services sector in India.

Our governance ideology is firmly rooted in the principles of fairness, integrity, and transparency. We are committed to adhering to the provisions of relevant Acts, Listing Regulations, and RBI Master Directions. To ensure effective governance, our Board of Directors maintains an optimal composition of both Executive and Non-Executive Directors, including the appointment of an Independent Woman Director. As of March 31, 2023, our Board consisted of 8 Directors.

The Chairman of the Board is a Non-Executive Independent Director, and the majority of the Board is composed of Non-Executive Independent Directors. Importantly, there are no familial relationships among any of our Directors, ensuring impartiality and objectivity in decision-making processes.

BOARD'S RESPONSIBILITIES

- Defining our Company's vision, objectives, and principles, and conducting regular evaluations of business goals and policies.
- Monitoring our Company's strategies and playing a crucial role in managing operations while meeting the expectations of stakeholders.
- Ensuring compliance with legal frameworks and upholding the integrity of financial accounting and reporting systems, along with timely and accurate shareholder disclosures.
- Overseeing our Company's governance practices which the Committees examine on a regular basis.

THE BOARD COMMITTEES

Audit Committee	Nomination and Remuneration Committee	IT Strategy Committee	Stakeholders' Relationship Committee
ESG Committee	Asset Liability Management Committee	CSR Committee	Risk Management Committee

BUSINESS ETHICS AND COMPLIANCE

A business must establish corporate policies to govern its actions. Our policies and guidelines serve as a roadmap for daily operations, guiding our staff members and stakeholders in upholding our principles of ethics, transparency, and sustainability. We recognize the risks posed by fraud, bribery, and money laundering in the financial services industry and maintain a zero-tolerance approach towards such financial crimes. Our commitment to ethical conduct and compliance with laws and regulations is reflected in our Anti-Corruption Policy, Whistle Blower Policy, Vigilance Policy, and other relevant policies. Additionally, as part of our dedication to sustainable corporate growth and minimizing environmental impact, we have implemented an ESG policy.

OUR KEY POLICIES

- Fair Practices Code
- Exposure Policy
- Anti-Money Laundering Policy & KYC Documentation Policy
- Policy on Fit and Proper Determination of Director
- Policy on Demand Loan
- Interest Rate Policy
- Outsourcing Policy
- Grievance Redressal Policy under RBI Directions
- NPA Provisioning Policy
- Anti-Corruption Policy
- Information Technology Policy
- Code of Conduct for Employee and Insiders
- Nomination & Remuneration Policy
- CSR Policy
- Vigil Mechanism / Whistle Blower Policy
- Policy on Related Party Transaction
- Dividend Distribution Policy
- Policy on Determining Material Subsidiary
- Board Diversity Policy
- Policy on Material Litigation
- Information & Cyber Security Policy
- Business Continuity Management (BCM) Policy
- Archival Policy
- Policy for Determination of Materiality of Information or Event
- Code of Conduct for Board of Directors and the Senior Management Personnel

Click here to access all the policies

BOARD OF DIRECTORS

MR. ARUN KUMAR PURWAR

C C M M M M

Mr. Arun Kumar Purwar is the Chairman and Independent Director of IIFL Finance, Jindal Panther Cement as well as ERoute Technologies Pvt. Ltd. He is as an Independent Director in companies across diverse sectors like Finance, Pharma, Media, Engineering consultancy, Investment Banking, Fintech sectors. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India ('SBI') from 2002 to 2006 and Chairman of the Indian Bank Association during 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala and was also associated in the setting up of SBI Life. Post his retirement from SBI, he was associated with a leading industry house in setting up the first healthcare focused private equity fund as well as a non-banking finance company focused on funding real estate projects as well as educational institutions. He has won a number of awards, including the CEO of the year award from the Institute of Technology and Management (2004), 'Outstanding Achiever of the Year' award from the Indian Banks' Association (2004) and 'Finance Man of the Year' Award by the Bombay Management Association in 2006.

MR. NIRMAL JAIN

M

Mr. Nirmal Jain founded IIFL Group in 1995. Under his visionary leadership, IIFL Group has grown to become one of the leading financial services players in post liberalized India with a combined market capitalization of US$ 4.2 Billion serving over 14 Million diverse customers in wealth & asset management, consumer lending, securities trading & discount broking spaces. With an impeccable track record of governance and growth, the Group has attracted marquee investors and won accolades internationally. Mr. Jain has been a pioneer in technology led disruptions in financial services space creating new standards in securities trading, consumer finance, wealth and asset management. He is also one of leading proponents of financial inclusion and financial literacy in India.

He holds a PGDM (Post Graduate Diploma in Management) the Indian Indian Institute of Management, Ahmedabad (IIMA) and is a rank holder Chartered Accountant and Cost Accountant. He started his career in 1989 with Hindustan Unilever Limited and founded IIFL Group as an independent equity research Company in 1995. He has close to three decades of experience spearheading diverse businesses in the financial services sector.

MR. R. VENKATARAMAN

C C M M M M

Mr. R. Venkataraman is the Co-Promoter and Joint Managing Director of the Company. He holds Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Bangalore and Bachelor in Electronics and Electrical Communications Engineering from IIT Kharagpur. He joined our Company's Board in July 1999. He has been contributing immensely in the establishment of various businesses and spearheading key initiatives of the Group over the past 24 years. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US and Barclays –BZW. He worked as an Assistant Vice President with G E Capital Services India Limited in their private equity division. He has a varied experience of more than 31 years in the financial services sector.

MR. NILESH VIKAMSEY

C M M M M M

Mr. Nilesh Vikamsey is a senior partner at kkc & associates llp – an 86-year-old Chartered Accountants firm. Mr. Vikamsey is Committee member of organisations like Indo American Chamber of Commerce, Bombay Chartered Accountants' Society (BCAS), the Chamber of Tax Consultants (CTC). He is a trustee in 'Sayagyi U Ba Khin' Memorial Trust (Vipassana International Academy, Igatpuri) & few educational trusts in Mumbai. He is presently a member of the Advisory Committee on Mutual Funds & Corporate Governance Committee of Securities and Exchange Board of India (SEBI), Risk Management Committee of Central Depository Services (India) Limited (CDSL), and Expert Advisory Committee of Institute of Chartered Accountants of India (ICAI). He was the President of ICAI in the past. He was an observer on the Board of International Federation of Accountants and Member of IFAC's Technology Advisory Group. He was the Past Chairman of Federal Bank Limited and member of IRDA. He was the Chairman of SEBI's Qualified Audit Report Committee and member of Corporate Governance Committee chaired by Uday Kotak, Primary Market Advisory Committee and Committee on Disclosures and Accounting Standards (SCODA). He was member of International Auditing and Assurance Standards Board (IAASB) Reference Group for Audits of Less Complex Entities. He is a Speaker/Chairman, at various seminars, meetings, lectures held by various Committees, Regional Councils, Branches & Study Circles of ICAI, Bankers Training College of the RBI, Comptroller & Auditor General of India (C&AG) and various other organizations.

Finance Committee | ALCO Committee | IT Strategy Committee | Risk Management Committee
Audit Committee | Nomination and Remuneration Committee | Corporate Social Responsibility Committee
Stakeholders' Relationship Committee | Corporate Social Responsibility Committee | ESG Committee

Ⓒ Chairperson
Ⓜ Member

MR. VIJAY KUMAR CHOPRA

C C M M

Mr. Vijay Kumar Chopra is a fellow member of the Institute of Chartered Accountants of India. He was the whole-time member of SEBI for two years; prior to that he has been a career banker and has held several top positions during his 37 years of experience in banking industry. Some of his accomplishments include being the Chairman and Managing Director at Corporation Bank and SIDBI, 3 years as an Executive Director at the Oriental Bank of Commerce and 31 years in various capacities at the Central Bank of India.

MR. CHANDRAN RATNASWAMI

Mr. Chandran Ratnaswami is a Non-Executive Director of our Company. He is the Chief Executive Officer and Director of Fairfax India Holdings Corporation, a company listed on the Toronto Stock Exchange and is also a Managing Director of Hamblin Watsa Investment Counsel Limited, a wholly owned investment management company of Fairfax Financial Holdings Limited.

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

MS. GEETA MATHUR

C C M M

Ms. Geeta Mathur, a Chartered Accountant, has worked as a banker both on the asset side and risk side and with large corporate treasuries and investor relations. She started her career with ICICI, where she worked for over 10 years in the field of project, corporate and structured finance as well represented ICICI on the Board of reputed companies such as Eicher Motors, Siel Limited among others. She has developed, reorganised, streamlined and led large national teams. She transitioned from the corporate sector to the development sector as CFO of Helpage India, where besides successful implementation of Oracle ERP and setting up processes for budgeting and MIS, she was consistently awarded by the Institute of Chartered Accountants and South Asian Federation of Accountants for best presentation and transparency in accounts. She has worked in various capacities in large organisations such as IBM and Emaar MGF across areas of Corporate Finance, Treasury, Risk Management and Investor Relations. She currently serves as an independent director in various large organisations across manufacturing and services such as Motherson Sumi Wiring India Limited, Infoedge Ltd and NIIT Ltd. She also co-chairs the India chapter of Women Corporate Directors Foundation, a global membership organization and community of women corporate directors with a mission to foster a powerful, trusted community of influential women corporate directors. She is a graduate in Commerce from the Shriram College of Commerce, Delhi University and did her articleship with the Price Waterhouse while pursuing her Chartered Accountancy.

MR. RAMAKRISHNAN SUBRAMANIAN

M M M M

Mr. Ramakrishnan Subramanian is a Chartered Accountant, Cost Accountant and Masters in Commerce. He has served several leading Banks, FIs in leadership roles since 1990 in India and abroad. He has also served as a Boards member of ING Vysya Bank and Shriram Capital, Shriram Transport, Shriram City Union, in the past apart from having done senior Executive roles such as CEO, MD, Country Head, Asia Regional head roles in domestic and international banks.

He is currently engaged as a Sr. Advisor, Operating Partner, Consultant with PE, VC, FIs and Fintech in India. Within financial sector services, his deep expertise and experience are in Retail Financing – Mortgage, LAP, Personal Loans, Business Loans, SME, LAS, Gold, Auto, CV/CE, Securitisation. He has worked in senior capacities involving Strategy, Board, Governance coupled with strong track record on execution across functions covering Channels, Product, Pricing, Portfolio management, Funding, Credit policy, Credit underwriting, Collections management of large Universal banks, Non-Banking Fianncial Companies ('NBFCs') and Fintech.

AWARDS AND ACCOLADES

CELEBRATING ACHIEVEMENTS

- IIFL Finance received **'Customer Services Excellence Award'** at the Asia Awards for Excellence in BFSI Award
- IIFL Finance received **'Marketing Campaign of the Year'** Award at Global Brand Excellence Awards
- IIFL Finance received **'Brand of the Year Award'** at the Great Indian BFSI Award
- IIFL Finance was recognized as **'Brand of the Year Award'** by India Today and Team Marksment
- IIFL Finance received **'The Economic Times Iconic Brand Award'**
- IIFL Finance received **'Best Social Media Campaign'** Award for **'Anmol Kisse'** Campaign at World Marketing Congress

- IIFL Foundation received the **'CSR Leadership Award'** at Asia's Best CSR Practices Awards
- IIFL Foundation received the **'Best Innovative CSR Project Award'** for Our Drone Initiative at the Corporate Social Responsibility Summit & Awards
- IIFL Foundation received the **'CSR Leadership Award'** at Asia's Best CSR Practices Awards
- IIFL Finance received the **'Best Sustainability Initiative Award'** at World BFSI Congress & Awards

- IIFL Finance received **'Most Innovative Fintech Product Award'** at National Awards for Excellence in BFSI Award
- IIFL Finance received **'Best Leading Tech of the Year'** Award at World BFSI Congress & Awards
- IIFL Finance received **'Golden Peacock'** Award for Risk Management
- IIFL Finance received **'Financial Inclusion Initiative of the Year Award'** at the World BFSI Congress
- IIFL Finance certified as **'Great Place to Work'** for the Fourth Year in a Row
- IIFL Finance received **'Best Leading Tech of the Year'** Award at the Asia Awards for Excellence in BFSI Award

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Arun Kumar Purwar
Chairman & Independent Director

Mr. Nirmal Jain
Managing Director

Mr. R. Venkataraman
Joint Managing Director

Mr. Vijay Kumar Chopra
Independent Director

Mr. Nilesh Vikamsey
Independent Director

Ms. Geeta Mathur
Independent Director

Mr. Ramakrishnan Subramanian
Independent Director

Mr. Chandran Ratnaswami
Non-Executive Director

COMMITTEES OF BOARD

ALCO Committee

Mr. R. Venkataraman
Chairman

Mr. Vijay Kumar Chopra
Member

Mr. Arun Kumar Purwar
Member

Mr. Ramakrishnan Subramanian
Member

Mr. Kapish Jain
Member

Mr. Sanjeev Srivastava
Member

Mr. Govind Modani
Member

IT Strategy Committee

Mr. Arun Kumar Purwar
Chairman

Mr. Nilesh Vikamsey
Member

Ms. Geeta Mathur
Member

Mr. Ramakrishnan Subramanian
Member

Mr. Sanjeev Srivastava
Member

Mr. Mitesh Vora
Member

Mr. Gaurav Sharma
Member

Mr. Aditya Sisodia
Member

Mr. Shankar Ramrakhiani
Member

Risk Management Committee

Ms. Geeta Mathur
Chairman

Mr. R. Venkataraman
Member

Mr. Nilesh Vikamsey
Member

Mr. Ramakrishnan Subramanian
Member

Mr. Sanjeev Srivastava
Member

Audit Committee

Mr. Nilesh Vikamsey
Chairman

Mr. Arun Kumar Purwar
Member

Mr. Ramakrishnan Subramanian
Member

Ms. Geeta Mathur
Member

Nomination and Remuneration Committee

Mr. Vijay Kumar Chopra
Chairman

Mr. Nilesh Vikamsey
Member

Mr. Arun Kumar Purwar
Member

Stakeholders' Relationship Committee

Mr. Arun Kumar Purwar
Chairman

Mr. Vijay Kumar Chopra
Member

Mr. R. Venkataraman
Member

Corporate Social Responsibility Committee ('CSR Committee')

Mr. Vijay Kumar Chopra
Chairman

Mr. Nilesh Vikamsey
Member

Mr. R. Venkataraman
Member

ESG Committee

Ms. Geeta Mathur
Chairman

Mr. Arun Kumar Purwar
Member

Mr. R. Venkataraman
Member

Mr. Nilesh Vikamsey
Member

Ms. Madhu Jain
Member

Mr. Sanjeev Srivastava
Member

Mr. Kapish Jain
Member

Ms. Sneha Patwardhan
Member

CHIEF FINANCIAL OFFICER

Mr. Kapish Jain

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Sneha Patwardhan
(Resigned w.e.f. July 01, 2023)

Ms. Rupal Jain
(Appointed w.e.f. July 01, 2023)

STATUTORY AUDITORS

V. Sankar Aiyar & Co. and Chhajed & Doshi
(Joint Statutory Auditors-For IIFL Finance Limited)

M/s. S.R. Batliboi & Associates LLP and Suresh Surana & Associates LLP
(Joint Statutory Auditors-For IIFL Home Finance Limited)

Brahmayya & Co
(For IIFL Samasta Finance Limited)

INTERNAL AUDITORS

Deloitte - FY 2022-23
KPMG - FY 2023-24

CORE MANAGEMENT TEAM

Mr. Monu Ratra
ED & CEO, IIFL Home Finance Limited

Mr. Venkatesh N.
Managing Director, IIFL Samasta Finance Limited

Mr. Shivaprakash Deviah
Whole Time Director, IIFL Samasta Finance Limited

Mr. Saurabh Kumar
Business Head - Gold Loans, IIFL Finance

Ms. Richa Chatterjee
Chief Human Resources Officer, IIFL Finance

Mr. Sanjeev Srivastava
Chief Risk Officer, IIFL Finance

Mr. Manav Verma
Chief Marketing Officer, IIFL Finance

Mr. Gaurav Sharma
Chief Technology Officer, IIFL Finance

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

C-101, 1st Floor, 247 Park, L.B.S. Marg, Gandhi Nagar, Vikhroli (West), Mumbai – 400 083

Note: The above Corporate Information is as on the date of this Annual Report

DEBENTURE TRUSTEES

Catalyst Trusteeship Limited

GDA House, 1st Floor, Plot No. 85 S. No. 94 & 95,
Bhusari Colony (right), Kothrud,
Pune - 411 038
Phone No - 0224922 0555
Email - complianceCTL-Mumbai@ctltrustee.com,
Website - www.catalysttrustee.com

IDBI Trusteeship Services Limited

Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai - 400 001
Phone No - +91 224080 7001
Email - itsl@idbitrustee.com
Website - www.idbitrustee.com

Vardhman Trusteeship Private Limited

3rd Floor, Room No - 156, Lyons Range,
Turner Morrison House,
Counsil House Street.
Kolkata – 700 001
Email - corporate@vardhmantrustee.com
Website - https://vardhmantrustee.com/

Beacon Trusteeship Limited

Address: 4C & D, Siddhivinayak Chambers, Opp. MIG Cricket Club, Gandhi Nagar, Bandra (East), Mumbai - 400 051
Phone No - 022 - 26558759
Email - compliance@beacontrustee.co.in
Website - http://beacontrustee.co.in/

Vistra ITCL (India) Limited

6th Floor, The IL&FS Financial Center
Plot No. C–22, G Block, BKC
Bandra (East), Mumbai - 400 051
Phone No: +91 22 69300000
Email - VistraITCL.Support@vistra.com
Website - www.vistraitcl.com

REGISTERED OFFICE

IIFL House, Sun Infotech Park, Road No. 16V,
Plot No. B-23, Thane Industrial Area,
Wagle Estate, Thane – 400 604

CORPORATE OFFICE

802, 8th Floor, Hubtown Solaris,
N. S. Phadke Marg, Vijay Nagar,
Andheri (East), Mumbai – 400 069

List of Bankers of our Company & our Subsidiaries

- Bandhan Bank
- Bank Of Baroda
- Bank Of India
- Bank Of Maharashtra
- Canara Bank
- Capital Small Finance Bank
- Central Bank Of India
- CSB Bank
- DBS Bank
- DCB Bank
- Deutsche Bank
- Dhanlaxmi Bank
- Federal Bank
- HDFC Bank
- HSBC Bank
- ICICI Bank
- IDBI Bank
- IDFC First Bank
- Indian Bank
- Indian Overseas Bank
- Jana Small Finance Bank
- Karnataka Bank
- Karur Vysya Bank
- Kookmin Bank
- Kotak Mahindra Bank
- Punjab National Bank
- Punjab Sind Bank
- RBL Bank Limited
- Shinhan Bank
- South Indian Bank
- Standard Chartered Bank
- State Bank Of India
- State Bank of Mauritius
- Shivalik Bank
- Suryoday Small Finance Bank Limited
- UCO Bank
- Union Bank of India
- Uthkarsh Small Finance Bank
- Woori Bank
- YES Bank Ltd.

INVESTOR INFORMATION

Market Capitalization as at [March 31, 2023]	**₹ 18,569 Crore**
CIN	**L67100MH1995PLC093797**
BSE Code	**532636**
NSE Symbol	**IIFL**
Bloomberg Code	**IIFLIN**
Dividend Declared	**₹ 4 Per Share**
AGM Date	**July 31, 2023**

DIRECTORS' REPORT

Dear Members,

Your Directors present the Twenty Eighth Annual Report of IIFL Finance Limited ("your Company/the Company") together with the Audited Financial Statements for the Financial Year ended March 31, 2023. The Company is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Banking Financial Company ("NBFC") not taking public deposits (NBFC-ND-SI).

1. FINANCIAL RESULTS

A summary of the financial performance of your Company and its subsidiaries for the Financial Year ended March 31, 2023, is as under:

(₹ in Crores)

Name of the Company	Revenue	Profit After Tax
IIFL Finance Limited	4,058.18	805.49
IIFL Home Finance Limited ("HFC") (Consolidated)	2,581.90	768.12
IIFL Samasta Finance Limited (formerly known as Samasta Microfinance Limited) ("Samasta")	1,746.23	128.18
IIFL Open Fintech Private Limited ("IIFL Open")	0.58	3.68

A summary of the consolidated and standalone financial performance of your Company for the Financial Year ended March 31, 2023, is as under:

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
Gross total income	8,447.11	7,023.61	4,088.69	4,106.60
Profit before Finance Cost, depreciation, share of loss of Joint Venture, exceptional items and taxation	5,486.94	4,648.68	2,623.45	2,689.41
Finance Cost	3,221.83	2,991.00	1,455.96	1,615.61
Depreciation	152.59	121.70	124.77	106.43
Profit before share of loss of Joint Venture, exceptional items and tax	2,112.52	1,535.98	1,042.72	967.37
Share of loss from Joint Venture	-	-	-	-
Profit before exceptional items and tax	2,112.52	1,535.98	1,042.72	967.37
Exceptional items	-	-	-	-
Profit before tax	2,112.52	1,535.98	1,042.72	967.37
Taxation				
- Current tax	362.70	327.78	117.53	171.28
- Deferred tax	144.68	19.38	119.70	51.18
- Short or excess provision for income tax	(2.41)	0.57	-	(0.57)
Net profit for the year	1,607.55	1,188.25	805.49	745.48
Other Comprehensive Income	32.19	9.21	20.82	(9.85)
Total Comprehensive Income	-	-	826.31	735.63
Total Comprehensive Income before Non-controlling interest	1,639.74	1,197.46	-	-
Attributable to:				
Owners of the Company	1,534.01	1,197.11	-	-
Non-controlling interests	105.73	0.35	-	-

DIRECTORS' REPORT (Contd.)

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
Less: Appropriations				
Dividend	(173.63)	(132.82)	(152.09)	(132.82)
Transfer to/ from Other Reserves	(344.61)	(312.66)	(161.11)	(195.23)
Change in Minority	(288.59)	0.36	-	-
On account of Merger	-	-	-	-
Add: Balance brought forward from the previous year	2,299.28	1,547.29	866.20	458.62
Balance to be carried forward	**3,026.46**	**2,299.28**	**1,379.31**	**866.20**

Note: Previous periods figures have been regrouped/rearranged wherever necessary.

Transfer to Reserve

The Company during the year under review has transferred below mentioned amount to General Reserve out of the Retained Earnings. Further, in accordance with Section 45 IC of the RBI Act, 1934, the Company has also transferred below mentioned amount to Special Reserve:

(₹ in Crores)

Particulars	Consolidated	Standalone
	2022-23	2022-23
Special Reserve during the year (Pursuant to Section 45 IC of the RBI Act, 1934)	186.51	161.11
Special Reserve during the year (Pursuant to Section 29C of National Housing Bank Act, 1987)	65.71	-
General Reserve during the year	28.27	1.09

2. REVIEW OF BUSINESS AND OPERATIONS AND STATE OF AFFAIRS OF YOUR COMPANY AND OUTLOOK

Details of Business, operations, state of affairs and outlook of the Company is provided in the Management Discussion and Analysis Report. Refer to pages 176-192 of the Report.

3. MACROECONOMIC OVERVIEW

Details on Macroeconomic overview of the Company is provided in the Management Discussion and Analysis Report. Refer to pages 176-192 of the Report.

4. DIVIDEND

During the year under review, the Board of Directors of the Company declared and paid an interim dividend of ₹ 4/- per equity share (200%) (i.e. 2 times of the Face Value of ₹ 2/- per equity share) in accordance with the Dividend Distribution Policy of the Company. This led to an outgo of ₹ 152.09/- Crores (including tax deducted at source). Your Directors recommend that the said interim dividend be considered as final.

In terms of the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors of the Company has adopted a Dividend Distribution Policy which is annexed as **"Annexure - I"** to this report and is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-07/Dividend_distribution_policy_27072022.pdf

5. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

In accordance with the applicable provisions of the Companies Act, 2013 ("the Act") read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unclaimed dividend on shares/interest and principal on Non-Convertible Debentures ("NCDs") are required to be transferred by the Company to the IEPF, if such remains unpaid or unclaimed for a period of seven (7) years after giving an opportunity to the Members. Further, according to the IEPF Rules, the shares on which dividend has not been claimed by the Members for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority.

Accordingly, the Company issued the reminder letters to such Members to claim the dividend and also published a notice to such effect in the leading newspapers in English and Regional Language having wide circulation

DIRECTORS' REPORT (Contd.)

and accordingly informed them that in the event of failure to claim said dividend, the unpaid/unclaimed dividend along with shares pertaining to unpaid/ unclaimed dividend would be transferred to IEPF.

Further, the details relating to amount of dividend on shares/interest and principal on NCDs transferred to the IEPF during FY 2022-23 and shares on which dividend remained unclaimed for seven (7) consecutive years, are provided in the General Shareholders Information section of Corporate Governance Report forming part of this Annual Report.

6. KEY INITIATIVES/DEVELOPMENTS

Public Issue of Non-Convertible Debentures

During the year under review, the Company raised through public issue of secured, redeemable, NCDs, an amount aggregating to ₹ 472.11 Crores. These NCDs are listed and traded on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE").

Issuance of Non-Convertible Debentures on a Private Placement basis

During the year under review, the Company raised through Private Placement of Redeemable NCDs an amount aggregating to ₹ 1,001 Crores. The said NCDs are listed and traded on NSE and/or BSE.

Additionally, during the year under review, HFC and Samasta raised ₹ 280 Crores and ₹ 420 Crores through Private Placement of Redeemable NCDs respectively. The said NCDs issued by HFC were listed and traded on NSE while NCDs issued by Samasta were listed and traded on BSE.

National Housing Bank Refinance

During the year under review, National Housing Bank ("NHB") sanctioned ₹ 1,125 Crores refinance facility to HFC. HFC availed ₹ 1,061.16 Crores of refinance facility from NHB under various refinance schemes during the year ended March 31, 2023.

Additionally, during the year under review, National Bank for Agriculture and Rural Development ("NABARD") refinanced ₹ 500 Crores under refinance facility to the Company and Small Industries Development Bank of India ("SIDBI"), NABARD and Micro Units Developments & Refinance Agency Limited ("MUDRA") refinanced ₹ 400 Crores, ₹ 200 Crores and ₹ 150 Crores respectively to Samasta.

Funds raised by way of other Borrowings

During the year under review, the Company raised ₹ 3,517.28 Crores through term loan from various banks. Additionally, HFC and Samasta raised ₹ 3,110 Crores and ₹ 3,974.38 Crores, respectively, through term loans from various banks. .

Additional investment in IIFL Samasta Finance Limited

During the year under review, the Company purchased equity shares of Samasta from HFC in July, 2022 which amounts to ₹ 259.08 Crores and also invested in the right issue of equity shares of Samasta for an amount of ₹ 199.99 Crores in February, 2023. After the aforesaid acquisition, the holding of the Company in Samasta is 99.51% as on March 31, 2023.

Investment in IIFL Home Finance Limited by the subsidiary of Abu Dhabi Investment Authority

During the year under review, a wholly owned subsidiary of the Abu Dhabi Investment Authority ("ADIA") invested ₹ 2,200 Crores for a 20% stake in HFC, boosting the net worth of HFC by more than 80%. This will help HFC to consolidate its competitive position in the affordable housing finance market in India, which has tremendous long term growth potential.

International credit rating upgrade by Moody's

On April 06, 2023, Moody's upgraded the Company's credit rating from B2 to B1, retaining 'stable' outlook on the Company which also includes the Medium Term Notes ("MTNs"). Moody's said the upgrade has been driven by factors such as higher share of off-balance sheet loans; further fortifying its asset-light business model and improvement in the Company's key metrics of funding, profitability.

Fully repaid maiden dollar bonds

The Company fully repaid its maiden dollar bonds in April 2023 along with interest. The Company which is one of India's largest retail-focused NBFCs had raised US$ 400 Million through a MTN programme in February 2020. This is a demonstration of strong treasury management capabilities and financial strength of the Company. This has also established a strong track record for the Company in international bond market.

Secured US$ 100 Million in long-term funding jointly from Export Development Canada and Deutsche Bank

During the year under review, the Company secured US$ 100 Million in long-term funding, jointly, from Export Development Canada ("EDC") and Deutsche Bank. The Company secured US$ 50 Million from EDC and US$ 50 Million from Deutsche Bank, respectively. The deal was structured under the aegis of Deutsche Bank as mandated lead arranger, book runner and co-financier. This would also be the Company's second loan from EDC. It had previously secured funding of US$ 100 Million from EDC in 2019.

IIFL Open Fintech Private Limited

During the year under review, the Company has incorporated a new subsidiary IIFL Open Fintech Private Limited where the Company holds 51.02% stake

DIRECTORS' REPORT (Contd.)

and remaining is held by Open Financial Technologies Private Limited ("Open"), which is the 100th unicorn of India and the largest SMB (Small and Mid-sized Business) Neo-bank. Open has integrated with 17 large banks and has an existing customer base of more than 2 Million merchants. The Company's existing lending book and infrastructure will be used by Open to offer innovative lending solutions to these merchants on their platform. This subsidiary will also give us access to user's business transactions leading to better insights for underwriting decisions and it will lead to growth in the Company's lending book by offering credit solutions to Open's existing 2 Million merchant base.

Signs top Pan-Indian Actress Tamannaah Bhatia as Brand Ambassador

The Company has signed top Indian actress Ms. Tamannaah Bhatia as its brand ambassador as it aims to bolster its Pan-India brand presence. This will help in our endeavor to become the loans destination of choice fulfilling dreams and goals of Millions of Indians who don't have easy access to credit.

Awards and Recognitions

During the year under review, following awards and accolades were conferred by reputable organizations:

- The Company won 'Customer Service Excellence Award' at Asia Awards for Excellence in BFSI.
- The Company won 'Best Lending Tech of the Year' at Asia Awards for Excellence in BFSI.
- The Company won 'The Great Indian BFSI Brand of the Year'.
- The Company received 'Brand of the Year' award from India Today and Team Marksmen.
- The Company received the 'Most Innovative Fintech Product' award for 'WhatsApp Loan by IIFL Finance' at National Award for Leadership & Excellence in BFSI.
- The Company received 'Best Lending Tech of the Year' award at National Award for Leadership & Excellence in BFSI.
- The Company received 'Quick Loan Approval' award for IIFL Instant Loan at National Award for Leadership & Excellence in BFSI.
- IIFL Foundation's 'Gulabi Gaon' project received award for being the 'Best Poverty Alleviation Project' at the Responsible Business Awards.
- IIFL Foundation's 'Agricultural Drone' project received the 'Best Community Program Leadership Award' at the Responsible Business Awards.
- IIFL Foundation's 'Urban Forest' project received the 'Best Smart City Initiative Award' at the Responsible Business Awards.
- The Company received 'Best Radio Campaign' award for 'Gold Loan Mela Campaign' at World Marketing Congress.
- The Company received 'Best Social Media Campaign' award for 'Anmol Kisse' campaign at World Marketing Congress.
- The Company received 'Most Innovative Fintech Product' award at National Fintech Leadership and Excellence Awards.
- IIFL Foundation received 'Best Innovative CSR Project' award for vaccine delivery on drone at the 4th edition of CSR Summit & Awards.
- The Company received 'Best Sustainability Initiative' award at World BFSI Congress & Awards.
- The Company received 'Best Lending Tech' award at World BFSI Congress & Awards.
- The Company received the 'Most Innovative Fintech Product' award for Business Loans at National Fintech Leadership Award.
- The Company received 'Marketing Campaign of the Year' for 'Sapna Aapka Loan Humaara Campaign' at Global Brand Excellence Awards.
- IIFL Foundation received 'Outstanding contribution to the cause of education' award at Global CSR Excellence Awards.
- IIFL Foundation's 'Urban Forestry' project received 'The Best Environment Friendly Project' award at Global CSR Excellence Awards.
- IIFL Foundation's 'Sakhiyon Ki Baadi' project received 'Support and improvement in quality of education' award at Global CSR Excellence Awards.

7. CORPORATE SOCIAL RESPONSIBILITY ("CSR") INITIATIVES

The CSR Committee of the Board has formulated and recommended to the Board a CSR Policy indicating the CSR activities which can be undertaken by the Company. The Board approved the CSR Policy which is available on the website of the Company, i.e.

https://storage.googleapis.com/iifl-finance-storage/files/2023-07/CSR%20policy_IIFL%20Finance.pdf

IIFL group has set-up India Infoline Foundation ("IIFL Foundation") a Section 8 Company incorporated under the Act which acts as the principal arm to undertake CSR initiatives on behalf of the Company and its subsidiaries. IIFL Foundation through its CSR initiatives addresses 4 thematic areas – **Health, Education, Livelihood & Poverty Alleviation,** collectively – **HELP.**

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

DIRECTORS' REPORT (Contd.)

The Foundation has identified focus areas for CSR initiatives which includes:

- Initiative to build Foundational literacy among 16,800 females in Rajasthan.
- Development of 'Emergency Services' at Government hospital at Rajasthan.
- Infrastructure development and academic support to Maa Bari Centres at Rajasthan.
- Development of Infrastructure at Government Schools at Rajasthan.
- Livelihood programme to support and promote women entrepreneurs (Rajasthan).
- Donation of AgriDrone to a University to promote research and development in agriculture at Rajasthan.
- Development of Urban Forest and Botanical garden at Maharashtra.
- Support for a programme on education to improve the academic outcome of 1.03 lakh students and 3,052 teachers of 1,526 government schools, Rajasthan.
- Community radio program to improve learning and mental well-being outcomes for young children and caregivers at Rajasthan.
- Annual Medical Camp at Uttar Pradesh and Maharashtra.
- Donation of medical equipment for Ophthalmic surgery ward (Rural), Rajasthan.
- Digital screen for learning at government schools at Rajasthan
- Relief activity for victims of flood in Maharashtra
- Training on Hospitality and Chef Trade at Kupwara, an Aspirational District in Kashmir.
- Donation of medicines (veterinary) for treatment of the Lumpy Cow Disease
- Capacity building of 50 Non-Governmental Organizations ("NGOs"), Maharashtra

During FY 2022-23, the Company deployed 2% of its average net profit of the preceding three Financial Years (computed as per the relevant provisions of the Act) on CSR projects, utilizing the required amount on various social development activities, details thereof are mentioned in the CSR Annual Report, attached as **"Annexure - II"** to this Report.

Further, during the year under review impact assessment was not applicable to the Company. However, the same has been conducted by IIFL Foundation at its discretion through an independent agency.

8. SHARE CAPITAL

During the year under review, the total paid up equity share capital of the Company increased from ₹ 75,91,97,422/- to ₹ 76,08,60,778/- pursuant to allotment of 8,31,678 equity shares of ₹ 2/- each under Employee Stock Option Scheme(s) of the Company to the eligible employees and the said equity shares rank Pari Passu with the existing equity shares.

The movement of share capital was as under:

Particulars	No. of shares allotted	Cumulative outstanding capital (no. of equity shares with Face Value of ₹ 2/- each)
Capital at the beginning of the year	-	75,91,97,422
Allotment of shares to employees on May 27, 2022 pursuant to exercise of options granted under IIFL Finance Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	1,40,939	75,94,79,300
Allotment of shares to employees on July 28, 2022 pursuant to exercise of options granted under IIFL Finance Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	23,949	75,95,27,198
Allotment of shares to employees on October 08, 2022 pursuant to exercise of options granted under IIFL Finance Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	1,08,112	75,97,43,422
Allotment of shares to employees on November 24, 2022 pursuant to exercise of options granted under IIFL Finance Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	74,580	75,98,92,582
Allotment of shares to employees on January 18, 2023 pursuant to exercise of options granted under IIFL Finance Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	3,02,148	76,04,96,878
Allotment of shares to employees on March 17, 2023 pursuant to exercise of options granted under IIFL Finance Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	1,81,950	76,08,60,778

DIRECTORS' REPORT (Contd.)

9. SECURITIZATION/ASSIGNMENT OF LOAN PORTFOLIO

During the year under review, your Company (consolidated) as an originator has undertaken Direct Assignment transactions of total book value of loan assets amounting to ₹ 14,418.44 Crore.

10. FINANCIAL LIQUIDITY

Consolidated cash and cash equivalent as on March 31, 2023 stood at ₹ 3,630.67 Crores vis-à-vis ₹ 6,211.64 Crores in the previous year. The Company's working capital management is robust and involves a well-organized process, which facilitates continuous monitoring and control over receivables, inventories and other parameters.

11. INTERNAL CONTROL SYSTEMS

Internal audit and its adequacy

The scope and authority of the internal audit function is well defined and to maintain independence and objectivity in its functions, the internal audit function reports directly to the Audit Committee of the Board. At the beginning of each Financial Year, a risk-based annual audit plan is rolled out after it is approved by the Audit Committee of the Board. The audit plan aims to evaluate the efficacy and adequacy of the internal control system(s) and compliance(s) thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. The Internal Audit function, consisting of professionally qualified accountants, engineers, Fraud Risk and Information Technology specialists, is adequately skilled and resourced to deliver audit assurances at highest levels. Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Internal Controls over Financial Reporting

The Company's internal financial controls are commensurate with the scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed. The Company has put in place robust policies and procedures, which inter alia, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

12. EMPLOYEES STOCK OPTION SCHEMES ("ESOS")

The Company has in force the following Schemes:

(a) IIFL Finance Employee Stock Option Plan 2007 ("ESOS Scheme 2007")

(b) IIFL Finance Employee Stock Option Plan 2008 ("ESOS Scheme 2008")

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

Further, no stock options were granted to the employees during the year under the ESOS Scheme 2007 and ESOS Scheme 2020.

The Company granted 2,00,000 Stock Options to eligible employees during the year under ESOS Scheme 2008.

During the year under review, 2,67,233 stock options granted under ESOS Scheme 2008 got lapsed and the same have been added back to the pool, which can be used for further grant and 1,77,836 stock options granted under ESOS Scheme 2020 got lapsed and the same are not available for further grant.

The aggregate number of stock options outstanding as on March 31, 2023 is 9,36,947 under ESOS Scheme 2008 and 27,05,444 under ESOS Scheme 2020.

The ESOS Scheme 2008 of the Company was amended by the Board of Directors of the Company at its meeting held on April 26, 2023, to align the same with the amendments made under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEBSE Regulations"). Accordingly, approval of the Members to amend ESOS Scheme 2008 in terms of the SBEBSE Regulations has been sought in the Notice convening the 28th Annual General Meeting ("AGM") of the Company.

A certificate from the Secretarial Auditor of the Company confirming that the Scheme has been implemented in accordance with the applicable Regulations would be made available for inspection by Members through electronic means.

The relevant disclosures pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the SBEBSE Regulations are uploaded on the website of the Company i.e. www.iifl.com and the same would be available for inspection by Members through electronic means. Members can request the same by sending an email to shareholders@iifl.com till the AGM.

The relevant disclosures in terms of Ind AS 102, relating to share based payment, forms part of note 39 of the Standalone Financial Statements and Consolidated Financial Statements of the Company.

13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the note no. 8, 9 and 38 of the Standalone Financial Statements.

14. SUBSIDIARY COMPANIES

As on March 31, 2023, the Company has three (3) subsidiaries, one (1) step down subsidiary. The Company does not have any Associate(s)/Joint Venture(s):

Sr. No.	Name of the Subsidiaries
1	IIFL Home Finance Limited
2	IIFL Samasta Finance Limited (formerly known as Samasta Microfinance Limited)
3	IIFL Open Fintech Private Limited
4	IIHFL Sales Limited

During the year under review, IIFL Open was incorporated as a wholly owned subsidiary of the Company w.e.f. May 17, 2022. Further, on June 10, 2022, IIFL Open issued and allotted 1,18,38,710 equity shares of face value of ₹ 10/- each, at a premium of ₹ 83/- per share, at an Issue Price of ₹ 93/- per share, aggregating to ₹ 110.10 Crores on a preferential basis to the Company and Open Financial Technologies Private Limited. Accordingly, stake of the Company diluted to 51.02% and IIFL Open became a subsidiary of the Company.

Pursuant to the Act read with applicable Rules framed thereunder, the Listing Regulations and applicable Ind AS, the Board of Directors of the Company at their Meeting held on April 26, 2023, approved the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 and the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended March 31, 2023. In accordance with Section 129 of the Act, the said Audited Financial Statements form part of the Annual Report. The Company's Financial Statements including the accounts of its subsidiaries which forms part of this Annual Report is prepared in accordance with the Act and Ind AS 110.

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

The Audited Financial Statements of the subsidiaries of the Company for the financial year ended March 31, 2023 are available on the website of the Company i.e. www.iifl.com. The Members may download the aforesaid documents from the Company's website or may write to the Company for obtaining a copy of the same. Further, the aforesaid documents shall also be available for inspection by the Members at the registered office of the Company, during business hours on working days and through electronic mode. Members can also request the same by sending an email to shareholders@iifl.com till the AGM.

Pursuant to Regulation 16 of the Listing Regulations, HFC and Samasta were the Material Subsidiaries of the Company for FY 2022-23 and shall be the Material Subsidiaries for FY 2023-24. In line with the provisions of Regulation 24(1) of the Listing Regulations, Mr. Arun Kumar Purwar, Independent Director on the Board of the Company is also an Independent Director of HFC. The Policy on determining the material subsidiary is available on the website of the Company, i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-07/Policy_on_determining_Material_Subsidiary_27072022.pdf

15. CAPITAL ADEQUACY

The capital adequacy ratio (Standalone) was 20.38% as on March 31, 2023, comprising Tier I capital ratio of 12.85% against the ratio of 10% as prescribed by the RBI.

16. ANTI-CORRUPTION MECHANISM

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

The Company takes a zero tolerance approach to bribery and other forms of unlawful payment. The Company's Anti-Corruption framework requires that we do not engage in bribery or corruption in any form and explicitly mentions that we will not pay or procure payment of a bribe or unlawful fee to encourage the performance of a task or one which is intended or

DIRECTORS' REPORT (Contd.)

likely to compromise the integrity of another. We will not accept any payment, gift or inducement from a third party which is intended to compromise our own integrity.

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

In addition to the above, policies and procedures have been put in place for establishing channels for encouraging and facilitating employees to raise concerns or report a possible breach of law or regulations with appropriate measures to protect such whistle blower.

17. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In accordance with Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility and Sustainability Report is attached as part of the Annual Report.

18. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Regulation 34 of the Listing Regulations and Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company Directions, 2016, as amended ("RBI Master Directions"), the Management Discussion and Analysis Report is attached as part of the Annual Report.

19. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

a. Directors

As on March 31, 2023, the Board comprises of eight (8) Directors out of which five (5) are Independent Directors including one (1) Independent Woman Director.

The Board comprises of Mr. Arun Kumar Purwar – Chairman & Independent Director, Mr. Nirmal Jain and Mr. R Venkataraman as Executive Directors of the Company in their capacity as Managing Director and Joint Managing Director, respectively. Mr. Nilesh Vikamsey, Mr. Vijay Kumar Chopra, Ms. Geeta Mathur and Mr. Ramakrishnan Subramanian as Independent Directors. Mr. Chandran Ratnaswami as a Non-Executive Director. The Board composition is in compliance with the requirements of the Act, Listing Regulations and the RBI Master Directions.

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

b. Key Managerial Personnel

As on March 31, 2023, Mr. Nirmal Jain - Managing Director, Mr. R Venkataraman - Joint Managing Director, Mr. Kapish Jain - Chief Financial Officer and Ms. Sneha Patwardhan - Company Secretary are the Key Managerial Personnel as per the provisions of the Act and Rules framed thereunder.

c. Appointment and Cessation of Directors and Key Managerial Personnel

Appointment/Re-appointment

In accordance with Section 152 of the Act read with Article 157 of the Articles of Association of the Company, Mr. R Venkataraman is liable to retire by rotation at the ensuing AGM and being eligible has offered himself for re-appointment. The Board recommends the same for the approval of the Member.

During the year under review, Mr. Kapish Jain was appointed as the Deputy Chief Financial Officer & Head IR as Key Managerial Personnel ("KMP") of the Company w.e.f. September 27, 2022. Further, he was appointed as the Chief Financial Officer ("CFO") and KMP of the Company w.e.f. November 01, 2022 to take over from Mr. Rajesh Rajak who had resigned as CFO of the Company.

Cessation

Mr. Vibhore Sharma resigned from the position of Independent Director of the Company w.e.f. August 31, 2022. The Board placed on record its appreciation for the valuable contribution made by him as a member of the Board.

Mr. Rajesh Rajak resigned from the position of CFO and KMP of the Company w.e.f. November 01, 2022. The Board placed on record its appreciation for the valuable contributions made by Mr. Rajesh Rajak during his tenure and wished him the very best in his future endeavors.

20. MEETING OF DIRECTORS & COMMITTEE/BOARD EFFECTIVENESS

➢ Meetings of the Board of Directors

During the year under review, the Board met ten (10) times to discuss and approve various matters including financials, appointment of auditor, declaration of dividend, review of audit reports and other board businesses. For further details, please refer to the report on Corporate Governance forming part to this Annual Report.

➢ Committees of the Board

In accordance with the applicable provisions of the Act, Listing Regulations and RBI Master Directions, the Board constituted the following Committees:

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

The Board has set up various committees and delegated powers and assigned roles and responsibilities and has layered down well documented terms of references. All the Committees are chaired by the Independent Directors except Asset Liability Management Committee which is chaired by Mr. R Venkataraman, Joint Managing Director pursuant to RBI circular dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

The Chairperson of respective Committees report to the Chairman of the Board who is an Independent Director and apprise the Board about the key highlights and decisions taken by the Committees.

The details inter alia including the composition, terms of reference and meetings held during the year under review of the aforesaid committee are provided in the Corporate Governance Report, forming part of this Annual Report.

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

➢ Board Effectiveness

- **Familiarization Program for the Independent Directors**

  Details of the Familiarization Programme are provided in the Corporate Governance Report and are also available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2023-04/Familiarisation_Programmes_for_IDs_25042023.pdf

- **Board Evaluation and outcome**

  The evaluation process, manner and performance criteria for Independent Directors in which the evaluation has been carried out is explained in the Corporate Governance Report forming part of this Annual Report.

- **Declaration by Independent Directors**

  The Company has received necessary declarations from each Independent Director of the Company as required, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations, stating that they meet

DIRECTORS' REPORT (Contd.)

the criteria of independence laid down in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

The above declarations were placed before the Board and in the opinion of the Board all the Independent Directors fulfil the conditions specified under the Act and the Listing Regulations and are Independent to the Management and that there has been no change in the circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact the ability to discharge their duties with an objective of independent judgment and without any external influence.

All the Independent Directors of the Company have registered themselves on the Independent Directors' Databank mandated by the Indian Institute of Corporate Affairs as per the requirements of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

- **Fit and Proper Criteria & Code of Conduct**

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

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

- **Board Diversity**

  The Company recognizes and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage difference in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race, gender that will help us retain our competitive advantage. The Policy adopted by the Board sets out its approach to diversity. The Policy is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-07/Board_Diversity_Policy_27072022.pdf

- **Remuneration policy and criteria for selection of candidates for appointment of Directors**

  The Company has in place policy for remuneration of Directors and Key Managerial Personnel as well as a well-defined criteria for the selection of candidates for appointment on the said positions, which has been approved by the Board.

  The Nomination and Remuneration Policy is also available on the website of the Company, i.e. https://storage.googleapis.com/iifl-finance-storage/files/2023-06/Nomination_and_Remuneration_Policy_30062023.pdf

- **Succession Planning**

  The Company has formulated policy on Succession Planning for Directors and Key Managerial Personnel for continuity and smooth functioning of the Company.

21. RISK MANAGEMENT

Your Company has a well-defined comprehensive Enterprise Risk Management ("ERM") Framework in place and a robust organizational structure to identify, assess, measure and monitor risks and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the RMC and the Board of Directors, the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate these risks. ERM has been adopted by the Company which uses defined Key Risk Indicators based on quantitative and qualitative factors. A two-dimensional quantitative Heat Map has been implemented, which enables the Management to have a comprehensive view of various identified risk areas based on their probability and impact. The Company has initiated adequate Risk training and awareness programmes. The Composition, terms of reference and powers of the RMC are in conformity with the requirements of Regulation 21 of the Listing Regulations and RBI Master Directions and the same has been provided in the Corporate Governance Report. The RMC is authorized to monitor and review overall risk management plan including liquidity risk and is also empowered, inter alia, to review and recommend to the Board the modifications to the Risk Management Policy. The ERM Policy is approved by the Board and inter alia, includes identification of risks, including strategic, financial, credit, market, liquidity, security, compliance, fraud, reputation, technology, cyber, outsourcing, people/conduct, collection, ESG, business which in the opinion of the Board may threaten the existence of the Company.

22. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company has put in place a Policy for Related Party Transactions ("RPT Policy"), amended from time to time. The Policy provides for identification of Related Party Transactions ("RPTs"), necessary approvals by the Audit Committee/Board/Members, reporting and disclosure requirements in compliance with the provisions of the Act and Listing Regulations. The said policy can be accessed on the website of the Company i.e https://storage.googleapis.com/iifl-finance-storage/files/2022-07/Policy_on_Related_Party_Transactions_27072022.pdf

All contracts or arrangements executed by the Company during the year under review with related parties were on arm's length basis and in the ordinary course of business. Hence, the disclosure of RPTs as required under Section 134(3)(h) of the the Act in Form AOC-2 is not applicable to your Company.

All such RPTs were placed before the Audit Committee/Board/Members for their approval, wherever applicable. The Audit Committee reviews all RPTs on a quarterly basis.

You may refer to note no.41 to the Standalone Financial Statements and Consolidated Financial Statements respectively, which contain related party disclosures.

The Company has obtained the Member's approval on Material RPTs in the last AGM.

Considering the Company being NBFC and its nature of business and operations, the Company will continue entering into various RPTs in the ordinary course of business and accordingly the Company has sought approval from Members for Material RPTs and details of the same can be sought from the Notice convening the AGM of the Company.

23. ANNUAL RETURN

Pursuant to Section 92(3) of the Act and the Rules framed thereunder and amended from time to time, the Annual Return of the Company for the Financial Year ended March 31, 2023 in prescribed Form MGT-7 is available on the website of the Company i.e.www.iifl.com.

24. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

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

26. WHISTLE BLOWER POLICY/VIGIL MECHANISM

Pursuant to Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulations, the Company has adopted a Whistle Blower Policy/Vigil Mechanism and has established the necessary vigil mechanism for Directors and Employees of the Company to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The said policy can be accessed on the website of the Company. i.e. https://storage.googleapis.com/iifl-finance-storage/files/2021-03/IIFL_WhistleBlower_VigilancePolicy_2020.pdf

DIRECTORS' REPORT (Contd.)

27. CREDIT RATING

The Company's financial discipline and prudence is reflected in the strong credit ratings prescribed by rating agencies. The following Credit ratings were assigned to the Company as on March 31, 2023.

Rating Agency	Product	Rating as on March 31, 2023	Rating as on March 31, 2022
CARE	Non-Convertible Debentures	CARE AA / Stable	CARE AA / Stable
	Long Term Bank Facilities	CARE AA / Stable	CARE AA / Stable
	Subordinate Debt	CARE AA / Stable	CARE AA / Stable
ICRA Limited	Non-Convertible Debentures	[ICRA]AA (Stable)	[ICRA]AA (Stable)
	Commercial Paper	[ICRA]A1+	[ICRA]A1+
	Subordinate Debt	[ICRA]AA (Stable)	[ICRA]AA (Stable)
	Long Term Bank Lines	[ICRA]AA (Stable)	[ICRA]AA (Stable)
	Long Term Principle Protected Equity Linked Debenture	PP-MLD[ICRA] AA (Stable)	PP-MLD[ICRA] AA (Stable)
	Long Term Principle Protected Market Linked Debenture	PP-MLD[ICRA] AA (Stable)	PP-MLD[ICRA] AA (Stable)
	Commercial Paper (IPO financing)	[ICRA]A1+	[ICRA]A1+
CRISIL Limited	Non-Convertible Debentures	CRISIL AA/Stable	CRISIL AA/Stable
	Subordinate Debt	CRISIL AA/Stable	CRISIL AA/Stable
	Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAr/Stable	CRISIL PP-MLD AAr/Stable
	Commercial Paper (IPO financing)	CRISIL A1+	CRISIL A1+
	Commercial Paper	CRISIL A1+	CRISIL A1+
	Total Bank Loan Facilities Rated (Long Term Rating)	CRISIL AA/Stable	CRISIL AA/Stable
Brickwork Ratings	Non-Convertible Debentures (Public Issue)	BWR AA+ Negative	BWR AA+ Negative
	Non-Convertible Debentures	BWR AA+ Negative	BWR AA+ Negative
	Secured Non-Convertible Debentures	BWR AA+ Negative	BWR AA+ Negative
Moody's	Corporate Family Rating (CFR)	B2 / Stable	B2 / Stable
	Long-term foreign- and local-currency senior secured ratings to US $ 1 Billion Medium Term Note (MTN) programme.	B2 / Stable	B2 / Stable
Fitch	Senior secured notes issued under US $ 1 Billion Medium Term Note (MTN) Programme	B+ / Stable	B+ / Stable
	Senior secured notes issued under US $ 400 Million bond	B+ / Stable	B+ / Stable

DIRECTORS' REPORT (Contd.)

28. PREVENTION OF SEXUAL HARASSMENT

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

The Company also provides for mandatory online training on prevention of sexual harassment for every new joinee, as well as all employees on an annual basis.

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

29. PARTICULARS OF EMPLOYEES

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

Further, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits as set out in the Rule 5(2) and other details as mentioned in Rule 5(3) of the aforesaid Rules, forms part of this report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid information.

The said information is available for inspection by the Members and any Member interested in obtaining a copy thereof, may write to the Company, at shareholders@iifl.com.

30. STATUTORY AUDITORS

M/s. V Sankar Aiyar & Co, Chartered Accountants (Firm Registration Number 109208W) were appointed as the Statutory Auditors of the Company by the Members at the 25th AGM of the Company held on June 30, 2020 for a period of five (5) years from the conclusion of the 25th AGM till the conclusion of the 30th AGM to be held in the year 2025.

The Members at the Extra Ordinary General Meeting of the Company held on September 30, 2021, revised the term of office for M/s. V Sankar Aiyar & Co, Chartered Accountants, from a term of five (5) years to a term of three (3) years i.e. three (3) years from FY 2020-21 till (and including) FY 2022-23 pursuant to the RBI Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ("RBI Guidelines") which required NBFCs to appoint the Statutory Auditors for a continuous period of three (3) years.

Further, pursuant to the said RBI Guidelines, the statutory audit of the entities with asset size of ₹ 15,000 Crores and above as at the end of previous year, should be conducted under joint audit of a minimum of two audit firms. Accordingly, based on recommendation of the Audit Committee, the Board of Directors of the Company at their Meeting held on July 27, 2021, recommended the appointment of M/s. Chhajed & Doshi, Chartered Accountants (Firm Registration Number 101794W) as the Joint Statutory Auditors for approval of the members of the Company. Subsequently, the Members at the Extra Ordinary General Meeting of the Company held on September 30, 2021, approved the said appointment of M/s. Chhajed & Doshi as the Joint Statutory Auditors for a continuous period of three (3) years with effect from FY 2021-22 till and including the FY 2023-24.

M/s. V Sankar Aiyar & Co and M/s. Chhajed & Doshi have also confirmed that they hold a valid peer review certificate as prescribed under Listing Regulations. The Joint Statutory Auditors have confirmed that they continue to satisfy the eligibility norms and independence criteria as prescribed by RBI Guidelines and the Act.

Further, pursuant to the completion of the term of M/s. V Sankar Aiyar & Co, Chartered Accountants, the Board of Directors of the Company at their meeting held on April 26, 2023, based on the recommendation of the Audit Committee, recommended the appointment of M/s. Sharp & Tannan Associates, Chartered Accountant (Firm Registration Number 109983W) as the Joint Statutory Auditors of the Company for the approval of the Members at the ensuing AGM for a period of 3 (three) years i.e. from the conclusion of the 28th AGM till the conclusion of the 31st AGM to be held in the year 2026 at such remuneration plus out of pocket expenses and applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

Appropriate resolution seeking Members' approval for the appointment of M/s. Sharp & Tannan Associates, Chartered Accountant as the Statutory Auditors of the Company is appearing in the Notice convening the ensuing AGM of the Company.

The Audit for FY 2022-23 was conducted by M/s. V Sankar Aiyar & Co and M/s. Chhajed & Doshi, Joint Statutory Auditors of the Company and that there are no qualifications, reservations, adverse

DIRECTORS' REPORT (Contd.)

remarks or disclaimers made by the Joint Statutory Auditors in their Audit Report. The Notes to the financial statements referred in the Auditors' Report are self-explanatory and therefore do not call for any comments under Section 134 of the Act. The Joint Statutory Auditors' Report is enclosed with the financial statements forming parts of this Annual Report.

31. SECRETARIAL AUDIT

The Board had appointed M/s. Nilesh Shah & Associates, Practicing Company Secretaries to conduct Secretarial Audit of the Company for FY 2022-23. The Secretarial Auditor had conducted the audit and their report was placed before the Board. The report of the Secretarial Auditor is annexed herewith as **"Annexure – V"** to this report. There are no qualifications or observations in the Report.

Pursuant to Regulation 24A of the Listing Regulations, a listed Company is required to annex a secretarial audit report of its material unlisted subsidiary to its Directors Report. Accordingly, the Secretarial Audit Reports of the material subsidiaries of the Company i.e. HFC and Samasta for FY 2022-23 is annexed herewith as **"Annexure – VI"** & **"Annexure VII"** respectively.

32. REPORTING OF FRAUDS BY AUDITORS

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

33. RBI DIRECTIONS

Your Company complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the RBI as applicable to your Company as a Systemically Important Non-Deposit taking NBFC.

The Company has in place the system of ensuring compliance with applicable provisions of Foreign Exchange Management Act, 1999 and rules made thereunder as amended from time to time.

34. CORPORATE GOVERNANCE

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

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

35. COMPLIANCE WITH THE SECRETARIAL STANDARDS

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

36. DEPOSITS

During the year under review, your Company did not accept/ renew any deposits within the meaning of Section 73 of the Act and the Rules made thereunder.

37. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanation obtained by your Directors, your Directors hereby confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures;

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

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

d) the Directors had prepared the annual accounts on a going concern basis;

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

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

DIRECTORS' REPORT (Contd.)

38. GENERAL

Your Directors state that during FY 2022-23:

(i) The Company has not issued equity shares with differential rights as to dividend, voting or otherwise;

(ii) The Company has not issued any sweat equity shares during the year;

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

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

(v) There is no change in nature of business of the Company during the year;

(vi) The Company has not defaulted in repayment of loans from banks and financial institutions;

(vii) There were no delays or defaults in payment of interest/principle of any of its debt securities;

(viii) The details of Debenture Trustees of the Company are as follows:

Particulars	Catalyst Trusteeship Limited	IDBI Trusteeship Services Limited	Vardhman Trusteeship Private Limited	HSBC Limited	Vistra ITCL (India) Limited
Address	GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (right), Kothrud, Pune–411038	Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai- 400001	The Capital, 412A, Bandra Kurla Complex, Bandra East, Mumbai 400051	Level 24, HSBC Main Building, 1 Queen's Road, Central, Hong Kong.	6th Floor, The IL&FS Financial Center Plot No. C–22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051
Contact Details	+912249220555	+912240807001	+912240140832	+85228418100	+912269300000
Email	complianceCTL-Mumbai@ctltrustee.com	itsl@idbitrustee.com	Corporate@vardhmantrustee.com	isvmenatbd@hsbc.com	VistraITCL.Support@vistra.com
Website	www.catalysttrustee.com	www.idbitrustee.com	www.vardhmantrustee.com	www.gbm.hsbc.com	www.vistraitcl.com

39. APPRECIATION

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

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

For and on behalf of the Board

Arun Kumar Purwar
Chairman & Independent Director
(DIN: 00026383)

Date: April 26, 2023
Place: Mumbai

ANNEXURE – I TO DIRECTORS' REPORT

IIFL Finance Limited - Dividend Distribution Policy

Purpose & Scope

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

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

Factors/ parameters that would be considered while declaring Dividend

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

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

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

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

   c. Taxes on dividend.

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

II. The circumstances under which the shareholders:

   i. May expect dividend:

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

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

   ii. May not expect dividend:

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

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

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

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

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

   i. Internal Factors:

      a. Projected investment in business/new business

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

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

   ii. External Factors:

      i. State of Economy/Industry/business

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

IV. The retained earnings shall be utilized for:

   i. Proposed Capital expenditure

   ii. Investments/acquisitions

   iii. General corporate purposes including contingencies

   iv. Capital restructuring

V. Parameters that shall be adopted with regard to various classes of shares: The Company has only one class of equity shareholders at present.

Periodicity of distribution

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

Disclosures

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

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

Pursuant to RBI Direction DOR.ACC.REC. No.23.21.02.067/2021-22 dated June 24, 2021 the following directions are being included in the existing dividend policy of the Company -

1. The Board of Directors of the Company shall, while considering the proposals for dividend, take into account the following aspects:

   (a) Supervisory findings of the Reserve Bank (National Housing Bank (NHB) for HFCs) on divergence in classification and provisioning for Non-Performing Assets (NPAs).

(b) Qualifications in the Auditors' Report to the financial statements and

(c) Long term growth plans of the NBFC.

The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in the guidelines prescribed by RBI.

Eligibility criteria

2. Company will comply with the following minimum prudential requirements to be eligible to declare dividend:

Table 1: Declaration of Dividend: Minimum Prudential Requirements

S. No.	Parameter	Requirement
1.	Capital Adequacy	(a) NBFCs (other than Standalone Primary Dealers) shall have met the applicable regulatory capital requirement as per Annex I for each of the last three financial years including the financial year for which the dividend is proposed. (b) Standalone Primary Dealers (SPDs) should have maintained a minimum CRAR of 20 per cent for the financial year (all the four quarters) for which dividend is proposed.
2.	Net NPA	The net NPA ratio shall be less than 6 per cent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.
3.	Other criteria	(a) NBFCs shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934. (b) NBFCs shall be compliant with the prevailing regulations/ guidelines issued by the Reserve Bank. The Reserve Bank or the NHB (for HFCs) shall not have placed any explicit restrictions on declaration of dividend.

Quantum of Dividend Payable

3. NBFCs eligible to declare dividend as per paragraph 2 above, may pay dividend, subject to the following:

(a) The Dividend Payout Ratio is the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed.

(b) Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital.

(c) In case the net profit for the relevant period includes any exceptional and/or extraordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.

(d) The ceilings on dividend payout ratios for NBFCs eligible to declare dividend are as under:

Table 2: Ceilings on Dividend Payout Ratio

Sl. No.	Type of NBFC	Maximum Dividend Payout Ratio (percentage)
1.	NBFCs that do not accept public funds and do not have any customer interface	No ceiling specified
2.	Core Investment Company	60
3.	Standalone Primary Dealers	60
4.	Other NBFCs	50

(e) The Reserve Bank shall not entertain any request for ad-hoc dispensation on declaration of dividend.

4. A NBFC (other than SPD) which does not meet the applicable prudential requirement prescribed in Paragraph 2 above for each of the last three financial years, may be eligible to declare dividend, subject to a cap of 10 percent on the dividend payout ratio, provided the NBFC complies with the following conditions:

(a) meets the applicable capital adequacy requirement in the financial year for which it proposes to pay dividend; and

(b) has net NPA of less than 4 per cent as at the close of the financial year Reporting System

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

5. NBFC-D, NBFC-ND-SI, HFC & CIC declaring dividend shall report details of dividend declared during the financial year as per the format prescribed in Annex 2. The report shall be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank/ Department of Supervision of NHB, under whose jurisdiction it is registered.

Amendments to the Policy

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

ANNEX 1: APPLICABLE REGULATORY CAPITAL REQUIREMENTS AS AT THE DATE OF ISSUANCE OF THE CIRCULAR (REFER PARAGRAPH 2 OF POLICY)

The table below enumerates the applicable capital requirements for Systemically important (NBFC-NDSI) as applicable on the date of the issuance of the circular. These are subject to change in future and therefore while declaring dividend, the requirements applicable to the period under consideration need to be considered.

Sl. No.	NBFC category	Capital requirements	Reference
1.	Deposit taking (NBFC-D) and Systemically important (NBFC-NDSI) (includes all IFCs but excluding MFI and NBFC-Infrastructure Debt Funds (IDF))	(a) Every applicable NBFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. (b) The Tier I capital in respect of applicable NBFCs (other than NBFC-MFI and IDF-NBFC), at any point of time, shall not be less 10 per cent. (c) Applicable NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent or more of their financial assets) shall maintain a minimum Tier l capital of 12 percent.	Paragraph 6 of Master Direction - Non-Banking Financial Company Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

ANNEX 2: REPORTING FORMAT FOR NBFCS/HFCS DECLARING DIVIDEND

(Refer paragraph 5 of policy, to be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank/ Department of Supervision of National Housing Bank, under whose jurisdiction the NBFC is registered.)

Details of dividend declared during the financial year

Name of the NBFC –

Accounting period *	Net profit for the accounting period (₹ Crores)	Rate of dividend (per cent)	Amount of dividend (₹ Crores)	Dividend Pay out ratio (percent)

* quarter or half year or year ended as the case may be

ANNEXURE – II TO DIRECTORS' REPORT

The Annual Report on Corporate Social Responsibility (CSR) Activities of IIFL Finance Limited for the Financial Year ended March 31, 2023

[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

The Company ensures that its activities extend beyond business and include initiatives and endeavours for the benefit and development of the community and society. The Company strongly believes that Corporate Social Responsibility ("CSR") initiatives help to promote inclusive growth and equitable development.

The CSR Policy and activities of the Company are steered by the same values that guide the business of the Company. It can be summarized in one acronym – **FIT**, which stands for:

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

By applying these values to the CSR activities, the Company undertakes initiatives that create sustainable growth and empower underprivileged sections of the society.

The focus areas prioritized by the Company in its CSR strategy are guided by the philosophy of **HELP** (Health, Education and Environment, Livelihood and Poverty Alleviation). The CSR activities of the Company are executed by India Infoline Foundation (generally referred as "IIFL Foundation"), the Implementing Agency. In line with its philosophy, the Company had undertaken the following activities during FY 2022-23:

- The Building foundational literacy among females from marginalized communities of Rajasthan, through our 'Sakhiyon ki Baadi' programme, which has engaged with 16,800 students across 6 districts through 560 learning centers.
- Development of "Emergency Services" at Maharana Bhupal Government Hospital, Udaipur, Rajasthan, by setting up 3 Operation Theaters, an ICU & OPD, Medical equipment at Orthopedic ward.
- Academic support & Smart Class to strengthen 'Maa Bari' centers that are specifically established to promote education among the Scheduled Tribe population in Rajasthan.
- Construction of an Assembly Hall and sanitation facility at Government Senior Secondary School, Dabok, District - Udaipur, Rajasthan.
- Donation of 101 Sewing Machines to women enrolled in a skill development workshop to learn tailoring. The initiative is aimed at promoting women as entrepreneurs, allowing them to earn livelihood – Chittorgarh District, Rajasthan.
- A custom made drone for research and development in Agriculture, supplementing the traditional practices. AgriDrone donated to Maharana Pratap University of Agriculture & Technology ("MPUAT")
- Supporting livelihood program that engages individuals living on streets of Mumbai, by providing them training and livelihood opportunity, through manufacturing raincoats from disposed material. The raincoats produced were gifted to Mumbai Police.
- Development of Urban Forest, to help restore ecological balance in city at Andheri, a taluka in Mumbai suburban district.
- Development of Botanical (Medicinal) Garden at Institute of Science (Mumbai) for conservation of over 1000 species of medicinal plants and herbs.
- Smart Shala programme to promote Academic Learning of Teachers and Students at Government schools in Jodhpur, Bikaner & Jaipur. Through this programme we engage with 1.03 lakh students and 3,052 teachers from 1,526 Government schools.
- Grant to support surveying and preparation of Annual Status of Education Report ("ASER") for Chattisgarh district.
- An initiative for improving learning and mental well being outcomes for young children and caregivers through community radio in Jhunjhunu district of Rajasthan.
- Medical Camp at Pandharpur, District Solapur in Maharashtra, offering free of cost treatment to thousands of pilgrims visiting in month of July.

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

- Medical Camp at Barsana, District Mathura in Uttar Pradesh, offering free of cost Cataract Operations, Dental Checkups, Treatments and Surgeries.
- Donated an Ambulance at Community Health Centre, Khamnore, District Rajsamand, Rajasthan.
- Donation of medical equipments at Opthalmic Surgery Ward, Community Health Centre ("CHC"), Khamnore, District Rajsamand, Rajasthan.
- Digital Shaala programme for supporting digitization in learning at 25 Government Schools, at Udaipur district in Rajasthan.
- Relief activity for victims of flood in Maharashtra.
- Construction of Assembly Hall and sanitation facility at Government Senior Secondary School, Madar, District – Udaipur, Rajasthan.
- Training on Hospitality and Chef Trade at Kupwara, an Aspirational District in Kashmir.
- Maintenance of public place – Garden, at Mumbai, Maharashtra.
- Donation of medicines (veterinary) for treatment of the Lumpy Cow Disease at Khamnore, Rajsamand District, Rajasthan.
- Development of Smart Class at Government Senior Secondary School, Khedi, Rajsamand District, Rajasthan.
- Capacity building of 50 Non-Governmental Organizations ("NGOs") operational in Maharashtra.

2. COMPOSITION OF CSR COMMITTEE:

The Company has constituted a CSR Committee of the Board that fulfils all requirements of Section 135 of the Companies Act, 2013 ("the Act"). The members constituting the Committee have been listed below:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Vibhore Sharma[1]	Chairman (Independent Director)	2	N.A.
2.	Mr. Nirmal Jain[2]	Chairman (Managing Director)	2	1
3.	Mr. Vijay Kumar Chopra[3]	Chairman (Independent Director)	2	1
4.	Mr. R Venkataraman	Member (Joint Managing Director)	2	2
5.	Mr. Nilesh Vikamsey	Member (Independent Director)	2	2

1. Appointed as Chairman of the Committee w.e.f. April 28, 2022 and subsequently, ceased to be the Chairman and Member of the Committee w.e.f. September 27, 2022.
2. Ceased to be the Chairman and Member of the Committee w.e.f. April 28, 2022.
3. Appointed as Member of the Committee w.e.f. April 28, 2022 and subsequently, appointed as Chairman of the Committee w.e.f. September 27, 2022.

3. PROVIDE THE WEB-LINK(S) WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY:

Composition of the CSR committee mentioned above is available on the website of the Company i.e. https://www.iifl.com/finance/investor-relations/corporate-governance?redirect=menu-bar

CSR policy is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2023-07/CSR%20policy_IIFL%20Finance.pdf

Details of CSR projects is available on the website of the Company i.e. https://www.iifl.com/finance/iifl-foundation

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

4. PROVIDE THE EXECUTIVE SUMMARY ALONG WITH WEB-LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8, IF APPLICABLE:

Not Applicable

5.

Sl. No.	Particulars	Amount (in ₹)
a.	Average net profit of the Company as per sub-section (5) of section 135	4,34,36,94,554/-
b.	Two percent of average net profit of the Company as per sub-section (5) of section 135*	8,68,73,891/-
c.	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	NIL
d.	Amount required to be set-off for the financial year, if any	NIL
e.	Total CSR obligation for the financial year [(b)+(c)-(d)]	8,68,73,891/-

*During FY 2022-23, the Company spent ₹ 8,70,00,000 towards CSR activities.

6.

- **a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** 8,70,00,000/-
- **b. Amount spent in Administrative overheads:** NIL
- **c. Amount spent on Impact Assessment, if applicable:** Not Applicable
- **d. Total amount spent for the Financial Year [(a)+(b)+(c)]:** 8,70,00,000/-
- **e. CSR amount spent or unspent for the Financial Year.**

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
8,70,00,000/-	NIL	Not Applicable	Not Applicable	NIL	Not Applicable

f. Excess amount for set-off, if any:

Not Applicable

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	8,68,73,891/-
(ii)	Total amount spent for the Financial Year	8,70,00,000/-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	1,26,109/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	1,26,109/-

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

7. DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub¬section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	FY 2021-22	2,46,00,000/-	NIL	2,46,00,000/-*	NIL	-	NIL	-

*The said unspent amount was spent in FY 2022-23 towards CSR activities.

8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR:

Yes

Number of Capital assets created/ acquired - 33

The details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (in ₹)	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	A custom made Drone for Research and Development in Agriculture (AgriDrone) donated (HSN Code: 85013119) donated to MPUAT, Udaipur, Rajastha.	313001	May 05, 2022	33,63,000	N/A	Maharana Pratap University of Agriculture & Technology (MPUAT), Udaipur, Rajasthan.	Maharana Pratap University of Agriculture & Technology (MPUAT), Udaipur, Rajasthan. 313001
2	Ambulance – Force Trax Cruiser BS VI FM 2.6CR (6+P) 3050, (Chasis No. MC1D4DLA7PP099009) donated to Community Health Centre, Khamnor.	313322	November 25, 2022	15,07,805	N/A	Secretary, Rajasthan Medicare Relief Society.	Rajasthan Medicare Relief Society, Khamnor, District Rajsamand, Rajasthan.

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (in ₹)	Details of entity/ Authority/ beneficiary of the registered owner		
3	Phaco Emulsification Unit Model: Galaxy PRO-ORBIT, with stand, Mini compressors for vitrectomy and standard accessories, donated to Community Health Centre, Khamnor. (Sr. No. 6303220226)	313322	November 21, 2022	14,00,000	N/A	Community Health Centre (CHC), Khamnor	Community Healthcare Centre (CHC), Khamnor, District Rajsamand, Rajasthan.
4	Donated Surgical Ophthalmic Operating Microscope AAOM Brilliant Model: Advent FS-9 (Without Camera & TV), donated to Community Health Centre, Khamnor. (Sr.No.148FS91501)	313322	November 21, 2022	7,84,000	N/A	Community Health Centre (CHC), Khamnor	Community Healthcare Centre (CHC), Khamnor, District Rajsamand, Rajasthan.
5	OT table with Stool Model AAOT, donated to Community Health Centre, Khamnor. (Sr. No.3101220701-3001222964)	313322	November 21, 2022	88,500	N/A	Community Health Centre (CHC), Khamnor	Community Healthcare Centre (CHC), Khamnor, District Rajsamand, Rajasthan.
6	Ultrasound Scanner Model Ascan Max, donated to Community Health Centre, Khamnor. (Sr. No.6001220425)	313322	November 21, 2022	2,29,600	N/A	Community Health Centre (CHC), Khamnor	Community Healthcare Centre (CHC), Khamnor, District Rajsamand, Rajasthan.
7	Keratometer Model KMS6, donated to Community Health Centre, Khamnor. (Sr.No.1201220337)	313322	November 21, 2022	40,320	N/A	Community Health Centre (CHC), Khamnor	Community Healthcare Centre (CHC), Khamnor, District Rajsamand, Rajasthan.
8	Smart Board – Maxhub 75' (HSN Code: 84433100) – An android based TV donated at Government Senior Secondary School, Khedi Block.	313322	November 02, 2022	1,79,000	N/A	Government senior secondary school - Khedi	Government senior secondary school - Khedi, Molela, Block Khamnor, Rajsamand District, Rajasthan.
9	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313202	April 01, 2022	32,000	N/A	Government Secondary School – Namri (UDISE Code: 8260301403)	Govt. Secondary School, Namri, Dabok Road, Udaipur, Rajasthan.

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (in ₹)	Details of entity/ Authority/ beneficiary of the registered owner		
10	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313203	April 01, 2022	32,000	N/A	K.G.B.V, Mavli. (UDISE Code:8260310404)	K.G.B.V, Mavli, Jawan Ji ka Kheda, behind Navoday School , Mavli, Udaipur, Rajasthan.
11	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313022	April 01, 2022	32,000	N/A	Government Senior Secondary School, Dabok (UDISE Code: 8260307501)	Govt. Senior Secondary School, Dabok Gram Panchayat Bhavan, Dabok, Udaipur, Rajasthan.
12	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313702	April 01, 2022	32,000	N/A	Mahatma Gandhi Govt. School, Jadhol (UDISE Code: 8260708502)	Mahatma Gandhi Govt. School, Jadhol, Near Bus Stand, Udaipur, Rajasthan.
13	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313701	April 01, 2022	32,000	N/A	Government Upper Primary School, Karel, Falasiya. (UDISE Code: 8261301301)	Government Upper Primary School, Karel, Near Toll Naka, Falasiya, Udaipur, Rajasthan.
14	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313702	April 01, 2022	32,000	N/A	Government Senior Secondary School, Badrana. (UDISE Code:8260707701)	Government Senior Secondary School, Badrana, Jadhol, Udaipur, Rajasthan.
15	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313902	April 01, 2022	32,000	N/A	Government Senior Secondary School, Pal Nimboda (UDISE Code:8260924601)	Government Senior Secondary School, Pal Nimboda,Jadhol, Udaipur, Rajasthan.
16	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313801	April 01, 2022	32,000	N/A	Government Girls Senior Secondary School, Parsad. (UDISE Code:8260902302)	Government Girls Senior Secondary School, Parsad, Sarada, Udaipur, Rajasthan.
17	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313902	April 01, 2022	32,000	N/A	Government Senior Secondary School, Sarada (UDISE Code:8260900102)	Government Senior Secondary School, Sarada, Udaipur, Rajasthan.
18	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313904	April 01, 2022	32,000	N/A	Government Senior Secondary School, Kharbar-B. (UDISE Code:8260902101)	Government Senior Secondary School, Kharbar-B, Sarada, Udaipur, Rajasthan.

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (in ₹)	Details of entity/ Authority/ beneficiary of the registered owner		
19	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313011	April 01, 2022	32,000	N/A	Government Senior Secondary School, Madar. (UDISE Code:8260200101)	Government Senior Secondary School, Madar, Near bus Stand, Badgaon, Udaipur, Rajasthan.
20	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313202	April 01, 2022	32,000	N/A	Government Senior Secondary School, Kailashpuri (UDISE Code: 8260201401)	Government Senior Secondary School, Kailashpuri, Nr.Eklingji Bus Stand, Udaipur, Rajasthan.
21	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313011	April 01, 2022	32,000	N/A	Netaji Subhash Chandra Bose Government Upper Primary School, Liyo Ka Guda. (UDISE Code:8260206603)	Netaji Subhash Chandra Bose Government Upper Primary School, Liyo Ka Guda, Badgaon, Udaipur, Rajasthan.
22	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313011	April 01, 2022	32,000	N/A	Government Upper Primary School,Surfalaya. (UDISE Code: 8260206603)	Government Upper Primary School,Surfalaya, Girwa, Udaipur, Rajasthan.
23	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313002	April 01, 2022	32,000	N/A	Government Upper Primary School, Uplawas Kundal. (UDISE Code:8260508302)	Government Upper Primary School, Uplawas Kundal, Girwa, Udaipur, Rajasthan.
24	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313801	April 01, 2022	32,000	N/A	Government Senior Secondary School, Amarpura. (UDISE Code:8260507801)	Government Senior Secondary School, Amarpura, Girwa, Udaipur, Rajasthan.
25	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313901	April 01, 2022	32,000	N/A	Government Senior Secondary School, Singhatawada (UDISE Code:8260903001)	Government Senior Secondary School, Singhatawada, Jaisamand, Udaipur, Rajasthan.
26	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	307025	April 01, 2022	32,000	N/A	K.G.B.V., Kotda, Udaipur. (UDISE Code:8260615704)	Kasturba Gandhi Balika Vidyalaya, Kotda, Udaipur, Rajasthan.
27	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313704	April 01, 2022	32,000	N/A	Kasturba Gandhi Balika Vidyalaya,Nandeshma (UDISE Code:8261600308)	Kasturba Gandhi Balika Vidyalaya,Nandeshma, Sayara, Udaipur, Rajasthan.

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (in ₹)	Details of entity/ Authority/ beneficiary of the registered owner		
28	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313027	April 01, 2022	32,000	N/A	K.G.B.V., Salumber (UDISE Code8261024301)	Kasturba Gandhi Balika Vidyalaya, Salumber, Hadi rani mahal, Kanya shala, Salumber, Udaipur, Rajasthan.
29	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313604	April 01, 2022	32,000	N/A	K.G.B.V., Lasadiya (UDISE Code:8261108201)	Kasturba Gandhi Balika Vidyalaya, Lasadiya, Kalibheet Amarpura Road, Lasadiya, Udaipur, Rajasthan.
30	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313703	April 01, 2022	32,000	N/A	Government Senior Secondary School, Kurabad. (UDISE Code:8261701505)	Government Senior Secondary School, Kurabad - Main Road, Udaipur, Rajasthan.
31	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313703	April 01, 2022	32,000	N/A	Mahatma Gandhi, Government Senior Secondary School, Kurabad. (UDISE Code:8261701506)	Mahatma Gandhi, Government Senior Secondary School, Kurabad Main Road, Udaipur, Rajasthan.
32	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313601	April 01, 2022	32,000	N/A	Government Senior Secondary School, Navaniya. (UDISE Code: 8260424701)	Government Senior Secondary School, Navaniya, Behind bus stand, Vallabhnagar, Udaipur, Rajasthan.
33	Set of 2 TVs - 43 inch LED TV Full HD Smart TV (HSN Code: 852872) with Educational AV Content	313705	April 01, 2022	32,000	N/A	Mahatma Gandhi Vidhyalay, Kachba. (UDISE Code:8260109804)	Mahatma Gandhi Vidhyalay, Kachba, Near Atal Seva Kendra, Gogunda, Udaipur, Rajasthan.

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SUB-SECTION (5) OF SECTION 135:

Not Applicable

For IIFL Finance Limited

Vijay Kumar Chopra
Chairman, CSR Committee
Independent Director
(DIN: 02103940)

R Venkataraman
Member, CSR Committee
Joint Managing Director
(DIN: 00011919)

Date: April 26, 2023
Place: Mumbai

ANNEXURE –III TO DIRECTORS' REPORT

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND INNOVATION AND FOREIGN EXCHANGE EARNINGS/OUTGO FORMING PART OF THE DIRECTORS' REPORT IN TERMS OF SECTION 134(3)(M) OF THE COMPANIES ACT, 2013

CONSERVATION OF ENERGY:

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

- Installation of sensor based lights in common areas;
- Installation of capacitors to save power;
- Introduction of Tablets in branches;
- Installation of Light Emitting Diode ("LED") lights for new branches;
- Reducing electricity demand wherever under-utilized;
- Creating environmental awareness by way of distributing the information in electronic/digital form;
- Minimizing air-conditioning usage;
- Shutting off all lights, when not in use; and
- Education and awareness programs for employees.

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

TECHNOLOGY ABSORPTION AND INNOVATION:

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

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

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

Highlights of the current year:

- Organization released a mobile application for collections that was adopted quite well owing to its ease and speed.
- Customers benefited from computer vision capabilities that have matured in the market to helping auto-fill form basis the documents available. This reduced the time to open new accounts with fewer rework cycles.
- Functionality enhanced of reminder calls to customers to ensure they had money in their account during EMI due dates and many similar intimations were also automated, improving efficiencies for both customer and the organization.
- The Company successfully completed the ISO 27001:2013 annual recertification in January 2023.
- The Organization complied with various norms of regulatory bodies such as RBI and other applicable regulatory requirements for Information Technology, Business Continuity & Cyber Security requirements.
- Organization has adopted DevOps methodology for application releases and this has benefited us in terms of quicker release cycles. These DevOps pipelines have additionally provided us increased confidence in our applications releases, while safeguarding the sanctity of the release.
- Next Generation Firewall is implemented to enhance the perimeter security posture.
- Web application Firewall is implemented to enhance the application security posture.
- Content Deliver Network services is implemented to enhance the performance of web portals.
- Brand Protection is implemented to protect the abuse of the IIFL brands.
- DNS Security services is implemented to prevent threats to IIFL from DNS levels.
- Next Generation Antivirus is implemented to enhance the end point security and server protection from Malwares.
- Secure cloud based proxy is implemented to enhance the capability to align the internet Policy at corporate office and broadband branches.
- Anti-Phishing solution implemented to protect users from phishing attacks.
- Organization procured cyber insurance cover to protect against financial loss which may occur because of cyber-attack or data leak.
- On boarded Security Operations Center ("SOC") to monitor Systems 24/7 for any security abnormalities.

ANNEXURE – III TO DIRECTORS' REPORT (Contd.)

- Sangrah android application (Collection Application) has been developed to record collections on digital platforms for Gold Loan, Small and Medium Enterprise and Digital Finance. Collection officers can collect money, provide customer receipts and deposit to Branch/ Bank.
- IIFL loans application received positive customer's sentiments with improved ratings on Play store 4.0 rating and iOS to 4.4 rating. The application is used to create 20,000+ leads and 30,000+ transactions on a monthly basis.
- Major enhancements done in Gold Loan in ROI Revision Module and Flexi Scheme.
- Major projects of Personal Loan/Digital Finance/Small and Medium Enterprise were executed in the last year as below -
  - o Personal Loan cross-sell fully digitalized journey, where we are selling Personal Loan to the existing Gold Loan, Broking and 5Paisa Customers.
  - o Digital Finance : Foreclosure module added for partners.
  - o Fraud scorecard implementation in Small and Medium Enterprise.
  - o Salaried Business Loan product launched in Small and Medium Enterprise.
  - o eNach integration in Small and Medium Enterprise and Digital Finance.

As the Company continues to expand its geographic reach and enhance the scale of operations, it intends to further develop and integrate technology to support growth and improve service quality. Technology is a trusted ally in creating business value.

FOREIGN EXCHANGE EARNINGS/OUTGO OF THE STANDALONE COMPANY:

a) The foreign exchange earnings: Nil

b) The foreign exchange expenditure: ₹ 436.02 Crores.

RESEARCH AND DEVELOPMENT (R & D):

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

Amount of expenditure incurred on **R&D**:

Particulars	March 31, 2023	March 31, 2022
Capital	Nil	Nil
Revenue	Nil	Nil

For IIFL Finance Limited

Arun Kumar Purwar
Chairman & Independent Director
(DIN: 00026383)

Date: April 26, 2023
Place: Mumbai

ANNEXURE – IV TO DIRECTORS' REPORT

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

Sr. No.	Requirement	Disclosures	
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the Financial Year	Managing Director – Mr. Nirmal Jain	318.96
		Joint Managing Director – Mr. R Venkataraman[1]	Nil
		Non-Executive Director(s)[2]	
		Mr. Nilesh Vikamsey	2.56
		Ms. Geeta Mathur	1.92
		Mr. Arun Kumar Purwar	2.56
		Mr. Chandran Ratnaswami	Nil
		Mr. Vijay Kumar Chopra	1.92
		Mr. Vibhore Sharma[3]	Nil
		Mr. Ramakrishnan Subramanian	1.92
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the Financial Year	Managing Director	14%
		Joint Managing Director	N.A.
		Chief Financial Officer[4]	0%
		Company Secretary	12%
		Non-Executive Director(s)	
		Mr. Nilesh Vikamsey	Nil
		Ms. Geeta Mathur	Nil
		Mr. Arun Kumar Purwar	Nil
		Mr. Chandran Ratnaswami	Nil
		Mr. Vijay Kumar Chopra	Nil
		Mr. Vibhore Sharma[3]	Nil
		Mr. Ramakrishnan Subramanian	Nil
III	The percentage increase in the median remuneration of employees in the Financial Year	The median remuneration of the employees in the Financial Year was increased by 10%. The calculation of percentage of increase in median remuneration is done based on comparable employees. For this, the employees who were not eligible for any increment have been excluded.	
IV	The number of permanent employees on the rolls of the Company	The Company had 14,937 employees on the rolls as on March 31, 2023.	
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Not Applicable to the Company as all the employees are under Managerial Role.	
VI	Affirmation that the remuneration is as per the remuneration Policy of the Company	Yes, it is confirmed.	

ANNEXURE – IV TO DIRECTORS' REPORT (Contd.)

1. Mr. R Venkataraman had been appointed as the Managing Director of IIFL Securities Limited, another group Company and his entire remuneration for FY 2022-23 was paid by IIFL Securities Limited.
2. Sitting fees is not forming part of calculation of remuneration.
3. Mr. Vibhore Sharma ceased to be an Independent Directors w.e.f. August 31, 2022.
4. Mr. Kapish Jain was appointed as Chief Financial Officer of the Company w.e.f. November 01, 2022 to take over from Mr. Rajesh Rajak who had resigned as CFO of the Company.

For IIFL Finance Limited

Arun Kumar Purwar
Chairman & Independent Director
(DIN: 00026383)

Date: April 26, 2023
Place: Mumbai

ANNEXURE – V TO DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March, 2023

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

To
The Members,
IIFL Finance Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area,
Wagle Estate, Thane – 400 604

Dear Sir / Madam,

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

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We further report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st March, 2023 according to the provisions of:

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

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

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

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

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

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

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

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

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

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

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

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

(h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(vi) Provisions of Reserve Bank of India Act, 1934 and Regulations / Guidelines issued by Reserve Bank of India from time to time as applicable to Non-deposit accepting NBFCs.

We have verified systems and mechanism which is in place and followed by the Company to ensure

ANNEXURE – V TO DIRECTORS' REPORT (Contd.)

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

We have also examined compliance with the applicable clauses of:

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

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

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

(a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(b) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018;

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has substantially complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have no material observation of instances of non-compliance in respect of the same.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Companies Act, 2013.

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

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

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of Acts, Laws and Regulations applicable to the Company, we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period under review, following event / action have taken place having major bearing on the Company's affairs:

I. Private Placement of Secured / Unsecured, Redeemable / Subordinated Redeemable, Non-Convertible Debentures / Non-Convertible Market Linked Debentures

1. During the year ended March 31, 2023, the Company has allotted 100 Secured, Redeemable, Non-Convertible Debentures of Face Value of ₹ 10,00,000 (Rupees Ten Lakhs only) each aggregating to ₹ 10,00,00,000 (Rupees Ten Crores only) under Series D17 on July 15, 2022.

2. The Company has allotted 125 Unsecured Subordinated Redeemable Non-Convertible Debentures of Face Value of ₹ 1,00,00,000 (Rupees One Crore only) each aggregating to ₹ 1,25,00,00,000 (Rupees One Hundred Twenty-Five Crores only) under Series D18 on July 26, 2022.

3. The Company has allotted 1,150 Secured Redeemable Non-Convertible Market Linked Debentures of Face Value of ₹ 10,00,000 (Rupees Ten Lakhs only) aggregating to ₹ 1,15,00,00,000 (Rupees One Hundred and Fifteen Crores Only) under Series D19 on September 02, 2022.

4. The Company has allotted 80 Unsecured Subordinated Redeemable Non-Convertible Debentures of Face Value of ₹ 1,00,00,000 (Rupees One Crore only) each aggregating to ₹ 80,93,46,728.8 (Rupees Eighty Crores Ninety-Three Lakhs Forty-Six Thousand Seven Hundred Twenty-Eight and Eighty Paisa only) including cumulative interest, under Series D18 – Reissue I on September 12, 2022.

ANNEXURE – V TO DIRECTORS' REPORT (Contd.)

5. The Company has allotted 5,500 Secured Redeemable Non-Convertible Debentures of Face Value of ₹ 10,00,000 (Rupees Ten Lakhs only) aggregating to ₹ 5,50,00,00,000 (Rupees Five-Fifty Crores Only) under Series D20 on November 01, 2022.
6. The Company has allotted 30 Unsecured Subordinated Redeemable Non-Convertible Debentures of Face Value of ₹ 1,00,00,000 (Rupees One Crore only) each aggregating to ₹ 30,76,20,822 (Rupees Thirty Crores Seventy-Six Lakhs Twenty Thousand Eight Hundred and Twenty-Two only) including cumulative interest, under Series D18 – Reissue II on November 04, 2022.
7. The Company has allotted 260 Secured Redeemable Non-Convertible Market Linked Debentures of Face Value of ₹ 10,00,000 (Rupees Ten Lakhs only) aggregating to ₹ 26,00,00,000 (Rupees Twenty-Six Crores Only) under Series D21 on November 25, 2022.
8. The Company has allotted 35 Unsecured Subordinated Redeemable Non-Convertible Debentures of Face Value of ₹ 1,00,00,000 (Rupees One Crore only) aggregating to ₹ 35,00,00,000 (Rupees Thirty-Five Crores Only) under Series D22 on December 27, 2022.
9. The Company has allotted 30 Unsecured Subordinated Redeemable Non-Convertible Debentures of Face Value of ₹ 1,00,00,000 (Rupees One Crore only) each aggregating to ₹ 30,69,11,095.90 (Rupees Thirty Crores Sixty-Nine Lakhs Eleven Thousand Ninety-Five and Ninety Paisa only) including cumulative interest, under Series D22 – Reissue I on March 31, 2023.

II. Public Issue of Secured, Redeemable, Non-Convertible Debentures:

1. During the year ended March 31, 2023, the Company has allotted by the way of public issue 47,21,082 Secured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000/- (Rupees One Thousand only) each aggregating to ₹ 4,72,10,82,000 (Rupees Four Hundred and Seventy-Two Crores Ten Lakhs and Eighty-Two Thousand only) on January 24, 2023.

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

For Nilesh Shah & Associates
Company Secretaries
Peer Review No. 698/2020

Rakesh Achhpal
(Partner)
ACS: 54525
C.P.: 20438

Date: April 26, 2023
Place: Mumbai
UDIN: A054525E000202409

'ANNEXURE A'

To
The Members,
IIFL Finance Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area,
Wagle Estate, Thane – 400 604

Dear Sir / Madam,

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and we rely on Auditors Independent Assessment on the same.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of process followed by the Company to ensure adequate Compliance.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

For Nilesh Shah & Associates
Company Secretaries
Peer Review No. 698/2020

Rakesh Achhpal
(Partner)
ACS: 54525
C.P.: 20438

Date: April 26, 2023
Place: Mumbai
UDIN: A054525E000202409

ANNEXURE – VI TO DIRECTORS' REPORT

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

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

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

We have conducted the Secretarial Audit in compliance with the applicable statutory provisions and in adherence to good corporate practices by **IIFL Home Finance Limited** (hereinafter referred to as **"the Company"**), having its Registered Office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, MIDC, Thane Industrial Area, Wagle Estate Thane, Maharashtra- 400604. and Corporate Office at Plot No. 98, Udyog Vihar, Phase IV, Gurgaon, Haryana-122015. The Secretarial Audit was conducted in a manner that provided us a reasonable foundation for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification, of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

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

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

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

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of compliances relating to Foreign Direct Investment. However, during the period under review, there were no transactions for Overseas Direct Investment and External Commercial Borrowings.

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

   i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review]**;

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

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

   iv. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **[During the period under review, the Company has introduced Employee Stock Option Plan. However, being a Debt listed Company, the regulations are not applicable since the shares of the Company are not listed on any stock exchange]**;

   v. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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

   vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];

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

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

1. The National Housing Bank Act, 1987.
2. Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021.
3. Guidelines on 'Know Your Customer' and 'Anti Money Laundering Measures' for HFCs.
4. The IRDAI (Registration of Corporate Agents) Regulations, 2015.

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

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

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

1. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India. However, the stricter applicability of the Secretarial Standards is to be observed by the Company.
2. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR, 2015"). However, stricter compliances with respect to the disclosures and timelines is required to be adhered by the Company in true letter and spirit.
3. General Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 3/2022 dated May 05, 2022 and 11/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs to hold Extra-Ordinary General Meetings through Video Conferencing (VC) or Other Audio-Visual Means (OAVM).

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

i. Mr. Kabir Mathur **(DIN:08635072)** has been appointed as Nominee Director of the Company w.e.f August 22, 2022.

ii. Mr. Venkataramanan Anantharaman **(DIN:01223191)** has been appointed as an Additional Director (Independent Director) of the Company in the Board Meeting held on February 21, 2023. Further appointment of Mr. Venkataramanan Anantharaman was confirmed by the Shareholders in the Extraordinary General Meeting (**"EGM"**) held on March 31, 2023.

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

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

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

We further report that the Company has generally complied with the provisions of Regulation 3(5) and 3(6) of SEBI (Prohibition of Insider Trading Regulations), 2015 with respect to maintenance of Structural Digital Database to the extent applicable.

As per the records, the Company has generally filed all the returns, documents and resolutions, forms, as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is generally in compliance with the Act. Further, due care has to observed for filing of forms within stipulated timelines prescribed under the Act.

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Circulars, Guidelines, Standards etc. mentioned above. Further, company should me more vigilant for compliance of Schedules prescribed under the SEBI LODR, 2015.

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

i. During the period under review, the board has accorded approval to sell the entire equity shares i.e. 12,45,55,797 of INR 10/- each constituting 25% equity shares held by the Company in the IIFL Samasta Finance Limited (Associate Company) aggregating to INR 259,07,60,578/-.

ii. During the period under review, the board has accorded approval to adopt **IIFL HFL ESOP PLAN-2022** (herein after referred as **"ESOP Plan"**) by creation and issuance 5,37,646 (Five Lakh Thirty-Seven Thousand Six Hundred Forty-Six only) Stock Options, each of which would upon exercise of the same in terms of Plan, be converted into one Equity Share of ₹ 10/- each of the Company. Further, the ESOP Plan was approved by the Shareholders at the EGM held on August 04, 2022. Furthermore, the ESOP Plan was later amended by the shareholders in EGM held on December 05, 2022 by revising the stock options shares to 5,37,746 (Five Lakh Thirty-Seven Thousand Seven Hundred Forty-Six only).

iii. The Company has altered Articles of Association of the Company by way of passing Special Resolution at the EGM held on August 22, 2022.

iv. During the period under review, the Company has entered into Share Subscription Agreement and in accordance with the agreement the board has accorded approval for the issuance of 53,76,457 Equity share of the Company each having a face value of INR 10/- at a premium of INR 4081.9140616/- per equity share to Platinum Owl C 2018 RSC Limited (acting in its capacity as the trustee of Platinum Jasmine A 2018 Trust, on a private placement cum preferential allotment basis. Further, the members of the Company also approved the issue of equity shares of the Company at the EGM held on August 16, 2022. Furthermore, the board in its meeting held on August 22, 2022 accorded approval for the allotment of 53,76,457 equity shares of the Company. Apparently, due to above issuance, the Company cease to exist as Wholly owned subsidiary of IIFL Finance Limited and continues to be subsidiary Company only.

v. During the period under review, the board has accorded approval for increase in borrowing powers of the Company from INR 19,000/- Crores (Rupees Nineteen Thousand Crores only) to INR 35,000/- Crores (Rupees Thirty-Five Thousand Crores only). Further, the said limit was approved by the shareholders at the EGM held on March 31, 2023.

vi. The Board of Directors of the Company has provided their consent to offer, Secured/Unsecured/ Listed/ Unlisted/ Rated/ Unrated/ Non - Convertible/ Market Linked/ Subordinated Debt/ Perpetual Debentures/ Fixed Maturity Debentures, aggregating to INR 4,000/- Crores on private placement basis during the financial year 2023-24, (i.e. April 01, 2023 to March 31, 2024) in one or more tranches.

vii. The Company has allotted 28,000 (Twenty-Eight Thousand) Secured Redeemable Non-Convertible Debentures (SNCDs) of INR 1,00,000/- each (Rupees one lakh each) for cash at par aggregating to INR 280,00,00,000/- (Rupees Two Hundred and Eighty Crores only) on Private Placement Basis on March 31, 2023.

viii. The Company has declared interim dividend @ INR 40/- per share on January 24, 2023 in compliance with the applicable provisions stated in the Act.

For RMG & Associates
Company Secretaries
Peer Review No. 734/2020
Firm Registration No. P2001DE016100

Place: New Delhi | **CS Manish Gupta**
Date: 24.04.2023 | **Partner**
UDIN: F005123E000174369 | **FCS: 5123; C.P. No.: 4095**

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

ANNEXURE - A TO DIRECTORS' REPORT

The Members

IIFL Home Finance Limited

Our Secretarial Audit Report of even date, for the financial year ended March 31, 2023 is to be read along with this letter:

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

For RMG & Associates
Company Secretaries
Peer Review No. 734/2020
Firm Registration No. P2001DE016100

Place: New Delhi
Date: 24.04.2023
UDIN: F005123E000174369

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

ANNEXURE – VII TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2023

[Pursuant to Section 204(1) of the Companies Act, 2013, Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
IIFL Samasta Finance Limited
110/3, Lalbagh Main Road, Krishnappa Layout,
Bangalore- 560027

We have conducted the Secretarial Audit of the compliance of specific applicable statutory provisions and the adherence to good corporate practices by **IIFL Samasta Finance Limited** (hereinafter called "Company") bearing CIN U65191KA1995PLC057884. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2023 and made available to us, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder.

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

  a) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investments and External Commercial Borrowings. **(Not applicable during the audit period).**

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

  b) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

  c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (hereinafter referred as 'SEBI (LODR) 2015').

  d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable during the audit period)**.

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

  f) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR 2018') [notified by the Securities and Exchange Board of India (**'SEBI'**) on September 11, 2018, which came into effect on November 10, 2018, thereby rescinding and repealing the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**'ICDR 2009'**) **(Not applicable during the audit period).**

  g) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. **(Not applicable during the audit period).**

  h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with the client **(Not applicable during the audit period).**

  i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable during the audit period).**

  j) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 **(Not applicable during the audit period)** and

(v) We also verified the Non-Banking Financial Company (NBFC) – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (Updated as on December 29, 2022) issued by the Reserve Bank of India along with other Notifications, Guidelines, Circulars, Directions.

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

(vi) Insurance Regulatory and Development Authority Act, 1999 and Rules and regulations made thereunder.

(vii) The Listing Agreements entered in to by the Company with Bombay Stock Exchange(s) w.r.t. Debt listing

(viii) The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013

(ix) The Reserve Bank of India Act, 1934;

(x) The Prevention of Money Laundering Act, 2002 and Rules framed there under

(xi) Secretarial Standards and Auditing Standards issued by The Institute of Company Secretaries of India;

During the period under review, based on the explanations and representations made by the Management, the Company has complied with the provisions of the Companies Act, 2013, NBFC Regulations, SEBI Act and the corresponding Rules, Regulations, Guidelines, Secretarial Standards etc. as mentioned above and has filed all the form and returns, with the Registrar of Companies within the prescribed time or in case of delay, filing has been made with the requisite additional fee.

We further report that the,

1. Board of Directors of the Company is duly constituted with proper Directors and Directors as required under the provisions of the Companies Act, 2013 and the Articles of Association of the Company. Mr. Monu Ratra (DIN: 07406284) has tendered his resignation on 7th September 2022 during the period under audit.

2. Adequate notice has been given to all the directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and wherever it was not sent, at least one Independent Director was present at the Meeting in compliance with Companies Act 2013 and rules made thereunder.

3. Decisions at the Board Meeting, as represented by the Management, were taken unanimously. We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that, during the audit period, the Company had the following events which had bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. During the audit period, the Company has composited its CSR committee with four members.

   During the reporting period, the Company is required to spend ₹ 1,87,61,884 which is 2% of Average Three Years Net Profit and unspent amount of ₹ 1,26,82,834/- for previous year. Therefore the Company is required to spend total amount of ₹ 3,14,44,718/-. The Company has spent ₹ 2,29,45,662 /- during the Audit Period. The unspent amount was pertaining to an ongoing project and the same was transferred to a separate bank account within 30 days of the end of the Financial Year in compliance with section 135 of the Companies Act 2013

2. Based on the Audited Financial Statement, the outstanding secured loan of the Company as on 31st March 2023 was ₹ 6731,34,97,802 /- and outstanding unsecured loan was ₹ 464,99,99,999 from various financial institutions.

3. During the reporting period, the Company has repaid its secured loan amounting to ₹ 3125,50,03,584.

4. During the Financial Year 2022-23, the Company has allotted following Securities on Private Placement Basis:

   i. 250 Rated, Listed, Senior, Secured, Redeemable, Taxable, Principal Protected, Market Linked, Non-Convertible Debentures of ₹ 10,00,000 each aggregating to a total nominal value of ₹ 25,00,00,000 (Rupees Twenty-Five Crore Only) allotted on June 01, 2022.

   ii. 800 Rated, Listed, Senior, Secured, Redeemable, Taxable, Principal Protected, Market Linked, Non-Convertible Debentures of ₹ 10,00,000 each issued at ₹ 10,02,976.00 per debenture aggregating to a total value of ₹ 80,23,80,800 (Rupees Eighty Crores Twenty Three Lakhs Eighty thousand and Eight Hundred Only) allotted on June 14, 2022.

   iii. 150 Listed, Unsecured, Subordinated, Redeemable, Non- Convertible Debentures face value(FV) of ₹ 1,00,00,000/- each (Rupees One Crore Only), aggregating upto ₹ 150,00,00,000 (Rupees One Hundred and Fifty Crores only) allotted on August 19, 2022.

   iv. 1000 Listed, Unsecured, Unsubordinated, Redeemable, Non- Convertible Debentures Face Value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) Each, aggregating to ₹ 100,00,00,000 (Indian Rupees One Hundred Crores only)allotted on December 19, 2022.

v. 25– Subordinated Redeemable Non-Convertible Debentures of Face Value of ₹ 1,00,00,000/- (Rupees One Crores Only) Each, aggregating to ₹ 25,00,00,000 (Indian Rupees Twenty Five Crores Only) allotted on February 02, 2023.

vi. 4000 Listed, Unsecured, Unsubordinated, Redeemable, Non- Convertible Debentures Face Value of ₹ 1,00,000/- (Rupees One Lakhs Only) Each, aggregating to ₹ 40,00,00,000/- (Indian Rupees Forty Crores only) allotted on February 24, 2023.

5. The Company has passed special resolution on 20th May 2022 for Increase in borrowing limits of the Company from ₹ 10,000 Crores to ₹ 12,000 Crores.

6. The Company has passed special resolution on 20th May 2023 to issue, offer and allot Secured/ Unsecured/ Listed/ Unlisted/ Rated/ Unrated/ Non –Convertible/ Market Linked/ Subordinated Debt/ Perpetual Debentures/ Fixed Maturity Debentures or any other securities of the Company shall not at any time exceed an amount of ₹ 3,500 Crores (Rupees Three Thousand Five Hundred Crores only) on private placement basis in one or more tranches

7. The members have passed special resolution on 20th May 2022 to issue Commercial Papers which shall not at any time exceed an amount of ₹ 1,000 Crores (Rupees One Thousand Crores only).

8. The members have passed special resolution on 30th January 2023 and the same was approved by the Board of Directors at their meeting held on 24th January 2023 to issue, offer and allot Secured/ Unsecured/ Listed/ Unlisted/ Rated/ Unrated/ Non –Convertible/ Market Linked/ Subordinated Debt/ Perpetual Debentures/ Fixed Maturity Debentures or any other securities of the Company that shall not at any time exceed an amount of ₹ 3500 Crores (Rupees Three Thousand Five Hundred Crores only) for the Financial Year 2023-24 on private placement basis in one or more tranches and to issue Commercial Papers that shall not at any time exceed an amount of ₹ 1000 Crores (Rupees One Thousand Crores only) for the Financial Year 2023-24 on private placement basis in one or more tranches

9. The Company has issued Final Dividend of ₹ 0.10 (Ten Paisa) per equity share to all the registered shareholders as on the record date i.e., 31.03.2022 at the Annual General Meeting held on 30th June 2022.

10. During the audit period, the Company has reported three cases to District Officer under The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013.

11. The Company has ratified the appointment of following directors at the Extra- Ordinary General Meeting held on 30th January 2023:

    i. Mr. Vikraman Ampalakkat, Independent and Non-Executive Director of the Company, who has attained the age of seventy five years in August 2022.

    ii. Ramanathan Annamalai, Independent and Non-Executive Director of the Company, who will attain the age of seventy five years in December 2023.

    Pursuant to regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has to pass a special resolution to continue the directorship of any person as a non-executive director who has attained the age of seventy five year.

12. On the Extraordinary General Meeting held on 30th January 2023, the Company has passed resolution for increasing the authorized share capital of the Company from the existing ₹ 600,00,00,000 consisting of Equity share Capital divided into 59,80,00,000 Equity shares of ₹ 10 each and 20,00,000 Preference shares of ₹ 10 each which is further divided into 1,45,000 Redeemable Non-Convertible Cumulative Preference Shares of ₹ 10 each aggregating to ₹ 14,50,000 and 18,55,000 Preference Shares of ₹ 10 each aggregating to ₹ 1,85,50,000 to the revised authorized capital of ₹ 700,00,00,000 consisting of Equity share Capital divided into 69,80,00,000 Equity shares of ₹ 10 each and 20,00,000 Preference shares of ₹ 10 each which is further divided into 1,45,000 Redeemable Non-Convertible Cumulative Preference Shares of ₹ 10 each aggregating to ₹ 14,50,000 and 18,55,000 Preference Shares of ₹ 10 each aggregating to ₹ 1,85,50,000.

13. On the Extraordinary General Meeting held on 24th March 2023, the Company has passed resolution to approve **the IIFL Samasta Finance Limited Employee Stock Option Plan – 2023** ("Plan") by increasing the total number of Employee Stock Options to be granted, which shall not exceed 5% of the Paid Up share Capital of the Company, as expanded from time to time, by 1,36,41,485 (One Crore thirty six lakhs forty one thousand four hundred eighty five) options thereby taking the total Employee Stock Options pool

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

to 2,96,82,152 (Two Crores ninety six lakhs eighty two thousand one hundred fifty two) exercisable into 2,96,82,152 equity shares having face value of ₹ 10/- each under the Plan, at any time to or to the benefit of such person(s) who are in permanent employment of the Company who has been working in India or out of India, including any Director of the Company (other than independent directors), whether whole time director or otherwise, on such terms and conditions as may be fixed or determined by the Board of Directors in accordance with the applicable laws.

14. On Annual General Meeting held on 30th June, 2022 the Company has passed a resolution to revise the Managerial Remuneration of Mr. Venkatesh N., Managing Director and Mr. Shivaprakash Deviah, Whole-Time Director effective from 1st April, 2021.

15. On the Extraordinary General Meeting held on 24th March 2023 the Company has passed a resolution to revise the Managerial Remuneration of Mr. Venkatesh N., Managing Director and Mr. Shivaprakash Deviah, Whole-Time Director effective from 1st April, 2022.

For KMH & Associates
Company Secretaries
FRN P2020KR079900

Krishnamurthy Hegde
Partner
ACS No: 37474 | COP No: 20126

Date: 21.04.2023
Place: Bangalore
UDIN: A037474E000160333

Note: This report is to be read with the letter of even date which is annexed as Annexure and forms an integral part of this report.

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
IIFL Samasta Finance Limited,
110/3, Lalbagh Main Road, Krishnappa Layout,
Bangalore- 560027

Our report of even date is to be read along with this letter.

(1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that true facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis to strengthen our opinion.

(3) We have not verified the accuracy, correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For KMH & Associates
Company Secretaries
FRN P2020KR079900

Date: 21.04.2023
Place: Bangalore
UDIN: A037474E000160333

Krishnamurthy Hegde
Partner
ACS No: 37474 | COP No: 20126

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the financial year ended March 31, 2023 is prepared in compliance with the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof ("Listing Regulations").

1. OUR COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

IIFL Finance Limited (**"the Company"**) follows the highest standards of governance and disclosure. Over the years, we have strengthened our corporate governance philosophy and have institutionalized a robust mechanism of corporate governance. Our governance framework enshrines ethical and responsible conduct of business to create lasting stakeholder value. The governance framework and philosophy of the Company is inspired by ethics, values and culture of professionalism. We emulate the 'best practices' that are adhered to in the realm of corporate governance globally and these practices are integrated into our growth strategy. Across our day-to-day operations, we conform to complete fairness, integrity and transparency which remain our guiding principles.

Fairness- We practice fair play and integrity in our transactions with all stakeholders, both within and outside the organization. We conduct ourselves in the most equitable manner.

Transparency- For us transparency is key to healthy, self-sustaining growth and promotes self-enforcing checks and balances. It also fosters deep and long-standing trust among our stakeholders. We strive to demonstrate the highest levels of transparency, over and above statutory requirements, through accurate and prompt disclosures.

Accountability- For us, accountability is about holding ourselves firmly responsible for what we believe in and for delivering what we have promised. We ensure this by promoting a mindset of end to end ownership throughout the organization. By means of openness and transparency, we consider ourselves accountable to all our stakeholders including our employees, shareholders, vendors, government agencies, society, business partners and supply chain participants.

The Company firmly believes that adherence to business ethics and sincere commitment to corporate governance will help the Company to achieve its vision of being the most respected Company in the financial services space in India. Since inception, the Promoters have demonstrated exemplary track record of governance and utmost integrity. The Company is in compliance with the requirements of the Companies Act, 2013 ("the Act"), Listing Regulations and Corporate Governance and Disclosure norms for Non-Banking Financial Companies issued by the Reserve Bank of India ("RBI") vide Chapter XI of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Directions"). With the implementation of stringent employee code of conduct policy and adoption of a Whistle Blower Policy, the Company has moved ahead in its pursuit of excellence in corporate governance. The Company has also adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to regulate, monitor and report Trading by Insiders and also adopted Internal Guidelines on Corporate Governance in compliance with RBI Master Direction.

Our Board of Directors ("Board") has Independent Directors, highly respected for their professional integrity as well as rich financial and banking experience and expertise. Our Board remains at the top of the governance pyramid as a custodian of trust, with the employees at the base. The Corporate Governance framework of the Company is based on an effective and Independent Board, separation of the Board's supervisory role from the Senior Management team and constitution and functioning of Board Committees, as required under applicable laws.

Key pillars of Company's Corporate Governance philosophy:

- Effective and clear Governance structure with diverse Board and its Committees and Senior Management.
- Fairness, Integrity and Transparency.
- Clear demarcated roles of Chairperson and Managing Director.
- Separate Board level Environmental, Social and Governance ("ESG") Committee to sharpen focus on ESG matters.
- Public disclosure of ESG and sustainability report and progress.
- 100% independent Audit and Nomination and Remuneration Committee.
- Executive compensation is subject to Malus/ Clawback arrangements.
- Separate Charter and strategy on diversity and inclusion to promote diversity and inclusion in workforce
- Annual Investor and Analyst day.
- Compliance with all relevant laws in both form and substance.

CORPORATE GOVERNANCE REPORT (Contd.)

- Complete and timely disclosure of relevant financial and operational information to enable the Board to play an effective role in guiding strategies.
- Board Governance through specialized sub-committees in the areas of Audit, Risk Management, Human Resource ("HR") & Nomination, ESG, Corporate Social Responsibility ("CSR") and Stakeholders' Relationship etc.
- Well-defined corporate structure that establishes checks, balances and delegates decision making to appropriate levels in the organization.
- Transparent procedures and practices and decisions based on adequate information.
- Structured Stakeholder Engagement framework ensuring long-term value creation for all stakeholders.
- Accurate, uniform, and timely dissemination of disclosures of corporate, financials and operational information to all stakeholders.
- Oversight of Company's business strategy, major developments and key activities.

Our Corporate Governance Framework

Board of Directors

Ensures that long-term interests of stakeholders are being served

Provides strategic direction, evaluates overall performance and maintains oversight

Board Committees

Makes informed decisions in the best interest of the Company

Monitors the activities as per the scope defined in their respective terms

Audit Committee	Nomination and Remuneration Committee ("NRC")	Stakeholders' Relationship Committee ("SRC")	CSR Committee	Risk Management Committee ("RMC")	Asset Liability Management Committee ("ALCO")	ESG Committee	IT Strategy Committee

Core Management Team

Ensures effective implementation of decisions taken by the Board across all functions and teams

Provides progress updates to Board and Board Committees regularly

2. BOARD OF DIRECTORS

(a) Composition of the Board of Directors:

The Board of the Company has an optimum combination of Executive and Non-Executive Directors (including one Independent Woman Director) that confirms to the provisions of the Act, Listing Regulations and RBI Master Directions. The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders.

As on March 31, 2023, the Board of the Company consisted of eight (8) Directors. The Chairperson of the Board is a Non-Executive Independent Director and majority of the Board comprises of Non-Executive Independent Directors. None of the Directors of the Company are related to each other. The composition of the Board is as follows:

Category	Name of the Directors
Chairperson & Independent Director	Mr. Arun Kumar Purwar[1]
Executive Director-Managing Director & Promoter	Mr. Nirmal Jain[2]
Executive Director-Joint Managing Director & Promoter	Mr. R Venkataraman[3]
Independent Directors	Mr. Vijay Kumar Chopra
	Mr. Nilesh Vikamsey
	Ms. Geeta Mathur
	Mr. Ramakrishnan Subramanian
Non-Executive Director other than Independent Directors	Mr. Chandran Ratnaswami

[1] Appointed as Chairperson of the Board w.e.f. April 01, 2022.

[2] Appointed as Managing Director of the Company w.e.f. April 01, 2022.

[3] Change in Designation to Joint Managing Director w.e.f. April 01, 2022.

CORPORATE GOVERNANCE REPORT (Contd.)

The brief profile of the present Directors on the Board is available on the website of the Company i.e. https://www.iifl.com/finance/investor-relations/corporate-governance?redirect=menu-bar

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

The Board of the Company has adopted policy on Board Diversity. The Board represents a confluence of diverse backgrounds with skills, experience and expertise. It seeks to maintain a Board comprised of talented and dedicated Directors with a diverse mix of expertise, experience, skills and backgrounds. For the purpose of Board composition, diversity includes, but is not limited to, educational and functional background, industry experience, geography, age, insider status, gender and ethnicity. The skills and backgrounds collectively represented on the Board reflect the diverse nature of the business environment in which the Company operates. The Board reviews its composition, skills and diversity from time to time to ensure that it remains aligned with the statutory, as well as business requirements.

Pursuant to the Listing Regulations, a matrix chart setting out the core skills/expertise/competence of the Board is mentioned below:

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

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

During the year under review, ten (10) Board Meetings were held on the following dates:

April 28, 2022	May 02, 2022	May 11, 2022	June 09, 2022	June 23, 2022
July 27, 2022	September 27, 2022	October 26, 2022	January 30, 2023	February 20, 2023

In terms of the provisions of Listing Regulations, none of the Directors on the Board of the Company is Member of more than ten (10) specified Committees and none is a Chairperson of more than five (5) specified Committees in which they are Directors across all the Indian Public Limited Companies, except Companies incorporated under Section 8 of the Act.

None of the Directors hold directorship in more than ten 20 Indian Companies with more than 10 Public Limited Companies. None of the Directors hold directorship in more than seven (7) listed entities (Equity Listed). None of the Independent Directors serve as an Independent Director in more than seven (7) listed entities (Equity Listed). None of the Whole Time Director/Managing Director serves as an Independent Director in more than three (3) listed entities (Equity Listed). Further, none of our Independent Directors serve as Non-Independent Director of any Company, on the Board of which any Non-Independent Director is an Independent Director.

The Policy on fit and proper criteria is in place for ascertaining the fit and proper criteria of the Directors at the time of appointment and on a continuing basis as well as NRC to ensure 'fit and proper' status of proposed/ existing Directors. The policy on the fit and proper criteria is in line with RBI Master Directions as amended from time to time.

CORPORATE GOVERNANCE REPORT (Contd.)

The Company has received necessary disclosures from all the Directors regarding Committee positions held by them in other Companies. The table below gives the details of the names of the members of the Board, their category, their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), their Directorship, Committee Membership and Chairmanship in Indian Companies as on March 31, 2023:

Name of the Director & (DIN)	Date of original appointment	Category	Number of Board meetings held during the year	Number of Board meetings attended during the year	Attendance at last AGM	Directorship in Indian Companies (including IIFL Finance Limited)[3]	Membership of Committees (including IIFL Finance Limited)[1]	
							Member[2]	Chairperson
Mr. Arun Kumar Purwar (DIN: 00026383)[4]	March 10, 2008	Chairperson & Independent Director	10	10	Yes	8	3	2
Mr. Nirmal Jain (DIN: 00010535)[5]	October 18, 1995	Promoter - Managing Director	10	10	Yes	6	0	0
Mr. R Venkataraman (DIN: 00011919)[6]	July 05, 1999	Promoter - Joint Managing Director	10	10	Yes	5	3	1
Mr. Nilesh Vikamsey (DIN: 00031213)	February 11, 2005	Independent Director	10	8	Yes	10	10	5
Ms. Geeta Mathur (DIN: 02139552)	September 18, 2014	Independent Director	10	10	Yes	12	9	5
Mr. Vijay Kumar Chopra (DIN: 02103940)	May 21, 2019	Independent Director	10	10	Yes	4	2	0
Mr. Ramakrishnan Subramanian (DIN: 02192747)	September 06, 2021	Independent Director	10	10	Yes	3	1	0
Mr. Chandran Ratnaswami (DIN: 00109215)	May 15, 2012	Non-Executive Director	10	6	No	10	4	0
Mr. Vibhore Sharma (DIN: 03314559)[7]	July 01, 2021	Independent Director	10	6	Yes	N.A.	N.A.	N.A.

1. The Committees considered for the above purpose are those prescribed in the Listing Regulations viz. Audit Committee and Stakeholders' Relationship Committee.
2. The membership count will include the count in which the Director is Chairperson.
3. Excludes Directorship in private companies, foreign companies and Companies incorporated under Section 8 of the Act.
4. Appointed as Chairperson of the Board w.e.f. April 01, 2022.
5. Appointed as Managing Director of the Company w.e.f. April 01, 2022.
6. Change in designation to Joint Managing Director w.e.f. April 01, 2022.
7. Ceased to be the Independent Director of the Company w.e.f August 31, 2022 owing to some personal reasons. Mr. Vibhore Sharma in his resignation letter also confirmed that there were no other material reasons for his resignation other than those mentioned in the resignation letter.

Note: No recommendation of any Committee which is mandatorily required to have Board approval in FY 2022-23 was rejected/not accepted by the Board.

Details of Changes in composition of Board during FY2023 and FY2022:

Details of change in composition of the Board during the year under review and previous year i.e., from 1 April 2021 to 31 March 2023 is given below:

Sr. No	Name of director	Capacity	Nature of change	Effective date
1.	Mr. Vibhore Sharma	Independent Director	Resignation	August 31, 2022
2.	Mr. Nirmal Jain	Managing Director	Appointment	April 01, 2022
3.	Mr. R Venkataraman	Joint Managing Director	Change in Designation	April 01, 2022
4	Mr. Ramakrishnan Subramanian	Independent director	Appointment	September 06, 2021
5.	Mr. Vibhore Sharma	Independent director	Appointment	July 01, 2021
6.	Mr. Nagarajan Srinivasan	Non- Executive Director	Resignation	June 15, 2021

CORPORATE GOVERNANCE REPORT (Contd.)

The below table provides details of the names of the directors, the name of the listed entities where they are directors and directorship as on March 31, 2023:

Name of the Director	Name of the listed Entity	Category of Directorship
Mr. Arun Kumar Purwar	Alkem Laboratories Limited	Independent Director
	Balaji Telefilms Limited	Independent Director
Mr. Nirmal Jain	360 One WAM Limited (Formerly known as IIFL Wealth Management Limited)	Non-Executive Director
Mr. R Venkataraman	360 One WAM Limited (Formerly known as IIFL Wealth Management Limited)	Non-Executive Director
	IIFL Securities Limited	Managing Director
Mr. Nilesh Vikamsey	Thejo Engineering Limited	Independent Director
	Allcargo Logistics Limited	Independent Director
	Thomas Cook (India) Limited	Independent Director
	PNB Housing Finance Limited	Independent Director
	360 One WAM Limited (Formerly known as IIFL Wealth Management Limited)	Chairperson & Independent Director
	Gati Limited	Independent Director
Ms. Geeta Mathur	Motherson Sumi Wiring India Limited	Independent Director
	NIIT Limited	Independent Director
	Info Edge (India) Limited	Independent Director
	360 One WAM Limited (Formerly known as IIFL Wealth Management Limited)	Independent Director
	OnMobile Global Limited	Independent Director
	Healthcare Global Enterprises Limited	Independent Director
Mr. Vijay Kumar Chopra	Nil	Nil
Mr. Ramakrishnan Subramanian	Nil	Nil
Mr. Chandran Ratnaswami	Thomas Cook (India) Limited	Non-Executive Director
	Quess Corp Limited	Non-Executive Director
	Chemplast Sanmar Limited	Non-Executive Director

Note: The above list of Directorship of all the Directors in other equity listed Companies is as on March 31, 2023.

(d) Board Level Performance Evaluation:

In compliance with the provisions of the Act, the Listing Regulations, guidance note issued by SEBI on Board Evaluation and global best practices, the Company has a structured framework – process and questionnaires for the performance evaluation of the Board, its Committees and Individual Directors including the Chairperson, Managing Director and Joint Managing Director, keeping in view the Board priorities and best practices. This performance evaluation is carried out on an annual basis. During the year, the Directors participated in the evaluation process which included evaluation of the Board as a whole, Board Committees and individual Directors including the Chairperson, Managing Director and Joint Managing Director. All Directors participated in the performance evaluation process. The results of evaluation were discussed in the Independent Director's meeting held on March 24, 2023.

The criteria for performance evaluation are as under:

For Chairperson:

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

For Executive Directors:

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

For Non-Executive Directors (including Independent Directors):

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

For Board as a whole:

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

Committees of the Board:

The criteria for evaluation of the Committees of the Board, inter alia, includes effectiveness in fulfilling functions assigned by the Board, appropriateness of structure of various committees, level of frequency and adequacy of meetings, meaningful and comprehensive discussion and effectiveness of the recommendations of Committees and contribution thereof to the decision of the Board.

(e) Separate meetings of the Independent Directors:

Pursuant to the provisions of the Act, Listing Regulations, the Board of Directors has carried out an annual performance evaluation of its own performance, the Directors individually including Independent Directors based out of the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the Nomination and Remuneration Committee.

In compliance with the provisions of the Act and Regulation 25 of the Listing Regulations, a seperate meeting of Independent Directors of the Company was held on March 24, 2023, inter alia, to discuss the following:

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

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

(f) Familiarization programme for Independent Directors:

In compliance with the requirements of Listing Regulations, the Company has put in place a Familiarization Programme for Independent Directors to familiarize them with the working of the Company, their roles, rights and responsibilities vis-à-vis the Company, the industry in which the Company operates and business model etc.

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

(g) Meetings of the Board:

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

CORPORATE GOVERNANCE REPORT (Contd.)

- **Strategy Board Meeting:** During the year under review, an off-site Board Strategy Meeting and Leadership Conclave was held on May 02, 2023 giving an opportunity to the Board to interact with senior leaders of the Company and provide strategic guidance on Company's strategy, key business priorities, strategic risks and execution challenges for the achievement of Company's long term vision. This was attended by all the Board members.
- **Board Meeting Location:** The location of the Board/ Committee Meetings is informed well in advance to all the Directors. Each Director is expected to attend the Board / Committee Meetings. However, in accordance with the statutory provisions, exemptions and relaxations provided by Ministry of Corporate Affairs all Board/ Committee Meetings in the FY 2022-23 were held through video-conferencing, except few Board/ Committee Meetings which were held physically.
- **Notice and Agenda distributed in advance:** The Board/ Committee Members are presented with detailed notes along with the agenda papers which are circulated well in advance of the Meeting. The Company has implemented app based e-meeting system accessible through secured iPads provided to the Directors. The agenda, presentation, notes and minutes are made available to the Board and Committee Members. The Company Secretary in consultation with the Chairperson of the Board/ Committees sets the Agenda for the Board/ Committee Meetings. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the Meeting. Where it is not practical to attach any supporting document to the Agenda, the same is tabled at the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.
- **Presentations by Management:** The Board/ Committee is given presentations, wherever practicable covering finance, sales, marketing, major business segments and operations of the Company, business opportunities, business strategy, risk management practices and operating performance of the Company while taking on record the financial results of the Company.
- **Access to employees:** The Directors are provided free access to officers and employees of the Company. Whenever any need arises, the Board/ Committee Members are at liberty to summon the personnel whose presence and expertise would help the Board/Committee to have a full understanding of the issues being considered.

(h) Information Supplied to the Board/ Committees:

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

- Annual Budget and updates thereof.
- Quarterly, half yearly and annual results of the Company as per the format prescribed in the Listing Regulations.
- Minutes of the Meetings of the Board and all other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- Status of important/material litigations etc.
- Show cause, demand, prosecution notices and penalty notices, if any which are materially important.
- Any material default in financial obligations to and by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that may have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- Any significant development in Human Resources/ Industrial Relations front, as and when it occurs.
- Sale of investments, subsidiaries, assets which are material in nature and not in the normal course of business.
- Non-Compliance of any regulatory, statutory or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, and other steps taken by the Company to rectify instances of non-compliances, if any.

CORPORATE GOVERNANCE REPORT (Contd.)

(i) Minutes of the Meetings:

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

(j) Post meeting follow-up mechanism:

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

(k) Confirmation of Independence:

The maximum tenure of the Independent Directors is in compliance with the Act and Listing Regulations. All the Independent Directors have confirmed that they meet the criteria of independence as stipulated under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and have submitted the declaration under Section 149(7) of the Act. Based on the disclosures received from the Independent Directors, it is hereby confirmed that in the opinion of the Board, the Independent Directors fulfils the conditions specified under the Act and Listing Regulations and are independent of the management and are also in compliance with the limit on Independent Directorship of listed companies as prescribed under Regulation 17A of the Listing Regulations.

3. BOARD COMMITTEES:

In terms of the Act, Listing Regulations and RBI Master Directions, the Board has constituted various Committees. The composition of the various Committees along with their terms of reference is as under:

a) AUDIT COMMITTEE:

The Audit Committee comprises of four (4) Independent Directors which are as follows:

Mr. Nilesh Vikamsey	Independent Director	Chairperson
Ms. Geeta Mathur	Independent Director	Member
Mr. Ramakrishnan Subramanian	Independent Director	Member
Mr. Arun Kumar Purwar	Independent Director	Member

All the Members of the Audit Committee are financially literate and possess thorough knowledge of the financial service industry.

During the year under review, the Audit Committee was re-constituted by the Board. The composition of the Audit Committee is in conformity with the applicable provisions of the Act and Listing Regulations.

The scope of the Audit Committee includes the references made under Regulation 18 read with Part C of Schedule II of the Listing Regulations as well as Section 177 and other applicable provisions of the Act and RBI Master Directions. The broad terms of reference of the Audit Committee are as follows:

(i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditor;

(iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

  a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

  b) Changes, if any, in accounting policies and practices and reasons for the same;

  c) Major accounting entries involving estimates based on the exercise of judgment by management;

  d) Significant adjustments made in the financial statements arising out of audit findings;

CORPORATE GOVERNANCE REPORT (Contd.)

e) Compliance with listing and other legal requirements relating to financial statements;

f) Disclosure of any Related Party Transactions;

g) Modified opinion(s) in the draft audit report.

(v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

(vi) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue and making appropriate recommendations to the Board to take up steps in this matter;

(vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(viii) Approval or any subsequent modification of transactions of the Company with related parties;

(ix) Scrutiny of inter-corporate loans and investments;

(x) Valuation of undertakings or assets of the Company, wherever it is necessary;

(xi) Evaluation of internal financial controls and risk management systems;

(xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xiv) Discussion with internal auditors of any significant findings and follow up there on;

(xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or internal control systems or a material nature and reporting the matter to the Board;

(xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(xviii) To review the functioning of the Whistle Blower Mechanism;

(xix) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

(xxi) Reviewing the utilization of loans and/ or advances from/investment by the Company in its subsidiaries exceeding Rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances / investments existing;

(xxii) Reviewing the following information:

a) Management discussion and analysis of financial condition and results of operations;

b) Management letters/letters of internal control weaknesses issued by the statutory auditors;

c) Internal audit reports relating to internal control weaknesses; and

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

e) Statement of deviations:

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

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

(xxiii) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

(xxiv) Responsibility under Risk Based Internal Audit pursuant to RBI Circular dated February 03, 2021:

CORPORATE GOVERNANCE REPORT (Contd.)

a) Primarily responsible for overseeing IA function

b) Approve RBIA Policy defining purpose, authority & responsibility with demarcating roles & responsibilities for IA & Risk Management function.

c) Approve RBIA plan ensuring coverage of all risks with defined time lines

d) Review of Audit Function atleast annually

e) Promote use of new audit technologies / tools

f) Periodic review of RBIA policy

g) Developing effective audit function for providing quality assurance on the internal control mechanism.

h) Understanding the risk assessment methodology and approving the audit plan

i) Ensuring the adequate audit coverage to monitor compliance with policies and procedures.

j) Approving the audit charter.

k) Receiving the audit reports and deliberating on action plans to enhance the internal control environment.

l) Discussing status of (key) open issues from the previous audits and remediation action steps taken by the management.

m) Assessing the performance of IAF. The AC should also periodically assess the performance of risk based internal audits for its reliability, accuracy and objectivity.

n) Review the findings identified in the RBI Inspection report and other regulatory inspections (SEBI/Audit/Exchange Audit) and follow up on corrective actions.

o) Review the key findings in the monthly Concurrent Audit Reports

p) Review the key audit findings with the entity Audit Committees; analyse potential impact and remediation plans.

q) To formulate and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function.

During the year under review, the Audit Committee of the Company met seven (7) times as follow:

April 27, 2022*	June 23, 2022	July 27, 2022	September 27, 2022
October 26, 2022	January 28, 2023**	February 22, 2023	

* This meeting was adjourned to April 28, 2022.

**This meeting was adjourned to January 30, 2023

The necessary quorum was present on both original and adjourned meetings. The gap between two consecutive Audit Committee Meetings was not more than 120 days.

The constitution of the Audit Committee and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of Committee is given below:

Name of the Members	Member of Committee since	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Nilesh Vikamsey	11/02/2005	Chairperson	Independent Director	7	6
Ms. Geeta Mathur	05/05/2016	Member	Independent Director	7	7
Mr. Vijay Kumar Chopra[1]	21/05/2019	Member	Independent Director	7	1
Mr. Ramakrishnan Subramanian[2]	28/04/2022	Member	Independent Director	7	6
Mr. Arun Kumar Purwar[2]	28/04/2022	Member	Independent Director	7	6

[1]Ceased to be the Member of the Committee w.e.f April 28, 2022.

[2]Appointed as the Members of the Committee w.e.f. April 28, 2022.

Including both original and adjourned meetings.

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

CORPORATE GOVERNANCE REPORT (Contd.)

The Chairperson of the Audit Committee was present at the last AGM of the Company held on July 08, 2022.

During the year under review, the Audit Committee reviewed the internal control put in place to ensure that the accounts of your Company are properly maintained and are in accordance with the prevailing Laws and Regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the Internal Control system of your Company.

The Company has an Internal Audit Department co-sourced with professional firms of Chartered Accountants. The Internal Auditor reports directly to the Audit Committee of the Board.

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

b) NOMINATION AND REMUNERATION COMMITTEE:

The NRC comprises of three (3) Independent Directors which are as follows:

Mr. Vijay Kumar Chopra	Independent Director	Chairperson
Mr. Nilesh Vikamsey	Independent Director	Member
Mr. Arun Kumar Purwar	Independent Director	Member

During the year under review, there was no change in the composition of the NRC. The composition of the NRC is in conformity with the applicable provision of the Act, Listing Regulations and RBI Master Directions.

The scope of the NRC includes the references made under Regulation 19 read with Part D of Schedule II of the Listing Regulations as well as Section 178 and other applicable provisions of the Act besides the other terms that may be referred by the Board and RBI Master Directions. The broad terms of reference of the NRC are as follows:

1. Succession planning of the Board of Directors and Senior Management Employees;
2. Identifying and selection of candidates for appointment as Directors /Independent Directors based on certain laid down criteria;
3. Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
4. Formulate, review and implement from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
5. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, it also ensures that the relationship of remuneration to performance is clear, that the performance meets the appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay, reflecting the short-term and long-term objectives of the Company;
6. Devising a policy on diversity of board of directors;
7. Administer, monitor and formulate detailed terms and conditions of the employees' stock option scheme;
8. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
9. Ensure 'fit and proper' status of proposed/ existing directors as per RBI guidelines and there is no conflict of interest in appointment of Directors on Board of the Company, KMPs and Senior Management.
10. Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director, at the time of every appointment of independent director. For the purpose of identifying suitable candidates:
    a. may use the services of an external agencies, if required;
    b. may consider candidates from a wide range of backgrounds, having due regard to diversity; and
    c. may consider the time commitments of the candidates.
11. Ensure that the compensation levels of Key Managerial Personnel and Senior Management are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process.

During the year under review, the NRC of the Company met five (5) times, as follows:

April 27, 2022	June 09, 2022	September 27, 2022	October 26, 2022	January 30, 2023

CORPORATE GOVERNANCE REPORT (Contd.)

The necessary quorum was present at the meetings.

The constitution of the NRC and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of Committee is given below:

Name of the Members	Member of Committee since	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Vijay Kumar Chopra	21/05/2019	Chairperson	Independent Director	5	5
Mr. Nilesh Vikamsey	11/02/2005	Member	Independent Director	5	5
Mr. Arun Kumar Purwar	19/11/2010	Member	Independent Director	5	5

During the year under review, the NRC also approved matters relating to grant/allotment of stock option(s), through circular resolutions.

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

The Chairperson of the NRC was present at the last AGM of the Company held on July 08, 2022.

The Board of Directors of the Company has approved Nomination and Remuneration Policy of the Company, which sets out the guiding principles for appointment & remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The same may be accessed on the website of the Company i.e., https://storage.googleapis.com/iifl-finance-storage/files/2023-06/Nomination_and_Remuneration_Policy_30062023.pdf

(a) Details of Remuneration paid to Directors during FY 2022-23 and details of number of shares and convertible instruments held by Directors as on March 31, 2023 are as under:

Name of the Director	Designation	Salary and perquisites	Commission[5]	Sitting Fees	Contribution to PF and other funds, Gratuity	Stock options	No. of equity shares held in and convertible instruments held in the Company[6]
Mr. Arun Kumar Purwar[1]	Chairperson & Independent Director	-	8,00,000	20,60,000	-	-	95,000
Mr. Nirmal Jain[2]	Managing Director	9,95,19,410	-	-	24,38,557	-	4,77,19,154
Mr. R Venkataraman[3]	Joint Managing Director	-	-	-	-	-	1,09,84,432
Mr. Nilesh Vikamsey	Independent Director	-	8,00,000	18,00,000	-	-	1,65,000
Ms. Geeta Mathur	Independent Director	-	6,00,000	19,50,000	-	-	-
Mr. Vijay Kumar Chopra	Independent Director	-	6,00,000	15,00,000	-	-	-
Mr. Ramakrishnan Subramanian	Independent Director	-	6,00,000	19,10,000	-	-	-
Mr. Chandran Ratnaswami	Non-Executive Director	-	-	-	-	-	-
Mr. Vibhore Sharma[4]	Independent Director	-	-	6,30,000	-	-	-

[1]Appointed as Chairperson of the Board w.e.f. April 01, 2022.

[2]Appointed as Managing Director of the Company w.e.f. April 01, 2022.

[3]Change in Designation to Joint Managing Director w.e.f. April 01, 2022 and remuneration of Mr. R Venkataraman is being paid by IIFL Securities Limited, a group Company.

[4]Ceased to be the Independent Director of the Company w.e.f. August 31, 2022.

[5]Commission w.r.t. FY 22-23 was paid in FY 23-24.

[6]None of the Directors hold any convertible instruments in the Company.

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

CORPORATE GOVERNANCE REPORT (Contd.)

In the event of termination for any of the reasons specified above, they or their Nominee shall be entitled to receive a lump sum severance payment, a sum equal to 5 times of the annual salary.

(b) Remuneration to Non-Executive/ Independent Directors and Criteria thereof:

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

During the year under review, the Independent Directors were paid sitting fees of ₹ 1,00,000 (Rupees One Lakh only) per meeting for Board and Audit Committee meetings and ₹ 30,000 (Rupees Thirty Thousand only) per meeting for attending other Committee meetings plus reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. Except the CSR Committee meetings for which there is no sitting fees payable.

Apart from above, Independent Directors are eligible for commission as approved by the shareholders of the Company at the AGM held on June 30, 2021. The amount of commission is based on the overall financial performance of the Company and Board of Directors.

The Company has not granted any employee stock options to any of the Directors. There are no pecuniary relationships or transaction of the Non-Executive Directors with the Company apart from dividend, sitting fees and commission as mentioned above.

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

c) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee ("SRC") comprises of two (2) Independent Directors and one (1) Executive Director which are as follows:

Mr. Arun Kumar Purwar	Independent Director	Chairperson
Mr. Vijay Kumar Chopra	Independent Director	Member
Mr. R Venkataraman	Executive Director	Member

During the year under review, there was no change in the composition of SRC. The composition of SRC is in conformity with the applicable provisions of the Act and Listing Regulations.

The scope of the SRC includes the references made under Regulation 20 read with Part D of Schedule II of the Listing Regulations as well as Section 178 and other applicable provisions of the Act besides the other terms that may be referred by the Board. The broad terms of reference of the SRC are as follows:

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

During the year under review, the Company received Eighteen (18) complaints from Equity shareholders and Non-Convertible Debenture holders (investors) including complaints received through SEBI's SCORES portal. Complaints were redressed to the satisfaction of the investors. The details of the Complaints are given below:

CORPORATE GOVERNANCE REPORT (Contd.)

Sr. No.	Particulars	No. of Complaints
1.	Investor complaints pending at the beginning of the year	0
2.	Investor complaints received during the year	18
3.	Investor complaints disposed off during the year	18
4.	Investor complaints remaining unresolved at the end of the year	0

No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2023 and a declaration under Regulation 31(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 was provided by the Promoter & Promoter Group to the Audit Committee and Stock Exchanges.

The Chairperson of the SRC was present at the last AGM of the Company held on July 08, 2022.

During the year under review, the SRC of the Company met one (1) time on April 27, 2022. The necessary quorum was present at the meeting.

The constitution of the SRC and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of the Committee is given below:

Name of the Members	Member of Committee since	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Arun Kumar Purwar	06/12/2017	Chairperson	Independent Director	1	1
Mr. R Venkataraman	27/01/2005	Member	Executive Director	1	1
Mr. Vijay Kumar Chopra	06/05/2021	Member	Independent Director	1	1

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

Name and designation:	Ms. Sneha Patwardhan, Company Secretary & Compliance Officer
Corporate Office Address:	802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400069.
Contacts:	Tel: +91 22 6788 1000 Fax: +91 22 6788 1010, E-mail: shareholders@iifl.com

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

d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The CSR Committee comprises of two (2) Independent Directors and one (1) Executive Director which are as follows:

Mr. Vijay Kumar Chopra	Independent Director	Chairperson
Mr. Nilesh Vikamsey	Independent Director	Member
Mr. R Venkataraman	Executive Director	Member

During the year under review, the CSR Committee was re-constituted by the Board. The composition of CSR Committee is in confirmity with the applicable provisions of the Act.

The terms of reference of the CSR Committee are as follows:

1. To review the existing CSR Policy indicating activities to be undertaken as specified in Schedule VII of the Act. The CSR Policy of the Company may be accessed on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2023-07/CSR%20policy_IIFL%20Finance.pdf.
2. To provide guidance on various CSR activities and to monitor the same.

During the year under review, the CSR Committee of the Company met two (2) times as follow:

April 27, 2022	March 24, 2023

The necessary quorum was present at the meetings.

CORPORATE GOVERNANCE REPORT (Contd.)

The constitution of the CSR Committee and details of attendance of each Member of the Committee at the aforesaid Meeting of Committee is given below:

Name of the Members	Member of Committee since	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Vibhore Sharma[1]	28/04/2022	Chairperson	Independent Director	2	N.A.
Mr. Nirmal Jain[2]	29/03/2014	Chairperson	Executive Director	2	1
Mr. Vijay Kumar Chopra[3]	28/04/2022	Chairperson	Independent Director	2	1
Mr. Nilesh Vikamsey	29/03/2014	Member	Independent Director	2	2
Mr. R Venkataraman	29/03/2014	Member	Executive Director	2	2

[1]Appointed as the Chairperson and Member of the Committee w.e.f. April 28, 2022 and ceased to be the Chairperson and Member of the Committee w.e.f. August 31, 2022.

[2]Ceased to be the Chairperson and Member of the Committee w.e.f. April 28, 2022.

[3]Appointed as the Member of the Committee w.e.f. April 28, 2022 and subsequently appointed as the Chairperson of the Committee w.e.f. September 27, 2022.

e) RISK MANAGEMENT COMMITTEE:

The RMC comprises of three (3) Independent Directors, one (1) Executive Director and Chief Risk Officer which are as follows:

Ms. Geeta Mathur	Independent Director	Chairperson
Mr. Nilesh Vikamsey	Independent Director	Member
Mr. Ramakrishnan Subramanian	Independent Director	Member
Mr. R Venkataraman	Executive Director	Member
Mr. Sanjeev Srivastava	Chief Risk Officer	Member

During the year under review, the RMC was re-constituted by the Board. The composition of RMC is in confirmity with the applicable provisions of the Act.

The scope of the RMC includes the references made under Regulation 21 read with Part D of Schedule II of the Listing Regulations besides the other terms that may be referred by the Board and RBI Master Directions. The broad terms of reference of the RMC which are as follows:

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

CORPORATE GOVERNANCE REPORT (Contd.)

a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

b) Measures for risk mitigation including systems and processes for internal control of identified risks.

c) Business continuity plan.

13. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

14. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

15. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

16. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

17. To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).

18. To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if required.

19. Any other matter as may be mandated/referred by the Authority/Board.

During the year under review, the RMC of the Company met three (3) times as follows:

April 27, 2022	September 12, 2022	November 16, 2022

The necessary quorum was present at the meetings.

The constitution of the RMC and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of the Committee is given below:

Name of the Members	Member of Committee since	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Arun Kumar Purwar[1]	21/10/2014	Chairperson	Independent Director	3	1
Ms. Geeta Mathur[2]	28/05/2020	Chairperson	Independent Director	3	3
Mr. Nilesh Vikamsey	21/10/2014	Member	Independent Director	3	3
Mr. Ramakrishnan Subramanian[3]	28/04/2022	Member	Independent Director	3	2
Mr. R Venkataraman	19/06/2020	Member	Executive Director	3	3
Mr. Sanjeev Srivastava	03/11/2020	Member	Chief Risk Officer	3	3

[1]Ceased to be the Chairperson and Member of the Committee w.e.f. April 28, 2022.

[2]Appointed as the Chairperson of the Committee w.e.f. April 28, 2022.

[3]Appointed as the Member of the Committee w.e.f. April 28, 2022.

f) ASSET LIABILITY AND MANAGEMENT COMMITTEE ("ALCO"):

The ALCO comprises of three (3) Independent Directors, one (1) Executive Director, Chief Financial Officer, Chief Risk Officer, and Vice President - Treasury, which are as follows:

Mr. R Venkataraman	Executive Director	Chairperson
Mr. Arun Kumar Purwar	Independent Director	Member
Mr. Vijay Kumar Chopra	Independent Director	Member
Mr. Ramakrishnan Subramanian	Independent Director	Member
Mr. Kapish Jain	Chief Financial Officer	Member
Mr. Sanjeev Srivastava	Chief Risk Officer	Member
Mr. Govind Modani	Vice President – Treasury	Member

CORPORATE GOVERNANCE REPORT (Contd.)

The scope of the ALCO includes the references made under RBI Master Directions. The broad terms of reference of the ALCO are as follows:

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

During the year under review, the ALCO of the Company met four (4) times, as follows:

April 27, 2022	July 27, 2022	November 16, 2022	February 13, 2023

The necessary quorum was present at the meetings.

The constitution of the ALCO and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of Committee is given below:

Name of the Members	Member of Committee since	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. R Venkataraman	12/03/2020	Chairperson	Executive Director	4	4
Mr. Arun Kumar Purwar[1]	28/04/2022	Member	Independent Director	4	3
Mr. Vijay Kumar Chopra	12/03/2020	Member	Independent Director	4	4
Mr. Ramakrishnan Subramanian[1]	28/04/2022	Member	Independent Director	4	3
Mr. Sanjeev Srivastava	29/01/2021	Member	Chief Risk Officer	4	4
Mr. Govind Modani	29/01/2021	Member	Vice President Treasury	4	4
Mr. Rajesh Rajak[2]	12/03/2020	Member	Chief Financial Officer	4	2
Mr. Kapish Jain[3]	26/10/2022	Member	Chief Financial Officer	4	2

[1]Appointed as the Member of the Committee w.e.f. April 28, 2022.

[2]Ceased to be the Member of the Committee w.e.f. November 01, 2022.

[3]Appointed as the Member of the Committee w.e.f. November 01, 2022.

g) IT STRATEGY COMMITTEE:

The IT Strategy Committee comprises of four (4) Independent Directors, Chief Technology Officer / Chief Information Officer, Leader NBFC Applications, Head IT Infrastructure & Cyber Security, Chief Risk Officer and Chief Information Security Officer, which are as follows:

Mr. Arun Kumar Purwar	Independent Director	Chairperson
Mr. Nilesh Vikamsey	Independent Director	Member
Ms. Geeta Mathur	Independent Director	Member
Mr. Ramakrishnan Subramanian	Independent Director	Member
Mr. Gaurav Sharma	Chief Technology Officer/Chief Information Officer	Member
Mr. Aditya Sisodia	Leader NBFC Applications	Member
Mr. Mitesh Vora	Head IT Infrastructure & Cyber Security	Member
Mr. Sanjeev Srivastava	Chief Risk Officer	Member
Mr. Shanker Ramrakhiani	Chief Information Security Officer	Member

CORPORATE GOVERNANCE REPORT (Contd.)

The scope of the IT Strategy Committee includes the references made under RBI Master Directions. The broad terms of reference of the IT Strategy Committee are as follows:

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

During the year under review, the IT Strategy Committee of the Company met two (2) times, as follows:

July 12, 2022*	January 23, 2023

*This meeting was adjourned to August 12, 2022

The necessary quorum was present at the Meetings.

The constitution of the IT Strategy Committee and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of Committee is given below:

Name of the Members	Member of Committee since	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Vibhore Sharma[4]	27/07/2021	Chairperson	Independent Director	2	1
Mr. Arun Kumar Purwar[1]	28/04/2022	Chairperson	Independent Director	2	2
Mr. Nilesh Vikamsey	12/03/2020	Member	Independent Director	2	2
Ms. Geeta Mathur	29/01/2021	Member	Independent Director	2	2
Mr. Ramakrishnan Subramanian[2]	28/04/2022	Member	Independent Director	2	2
Mr. Mitesh Vora	27/01/2022	Member	Head IT Infrastructure & Cyber Security	2	2
Mr. Aditya Sisodia	12/03/2020	Member	Leader NBFC Applications	2	1
Mr. Sanjeev Srivastava	29/01/2021	Member	Chief Risk Officer	2	2

CORPORATE GOVERNANCE REPORT (Contd.)

Name of the Members	Member of Committee since	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Shanker Ramrakhiani	06/05/2021	Member	Chief Information Security Officer (CISO)	2	2
Mr. Gaurav Sharma[3]	27/07/2022	Member	Chief Technology Officer (CTO) / Chief Information Officer (CIO)	2	2

[1]Appointed as Member of the Committee w.e.f April 28, 2022 and subsequently appointed as the Chairperson of the Committee w.e.f. September 27, 2022.

[2]Appointed as the Member of the Committee w.e.f. April 28, 2022.

[3]Appointed as the Member of the Committee w.e.f July 27, 2022.

[4]Ceased to be the Chairperson and Member of the Committee w.e.f. August 31, 2022.

4. PERIODIC REVIEW OF COMPLIANCES OF ALL APPLICABLE LAWS:

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

5. GENERAL BODY MEETINGS:

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

Date of AGM	Location	Time	Whether any Special Resolutions passed
July 08, 2022	Through Video Conferencing	2:00 p.m.	1. To approve an offer or invitation to subscribe to non-convertible debentures to be issued on a private placement basis.
June 30, 2021	Through Video Conferencing	2:00 p.m.	1. To approve an offer or invitation to subscribe to non-convertible debentures on private placement basis. 2. To approve increase in investment limits for Non-Resident Indians and Overseas Citizens of India.
June 30, 2020	Through Video Conferencing	11:00 a.m.	1. To approve an offer or invitation to subscribe to non-convertible debentures on private placement basis.

Postal Ballot:

During the year under review, no resolution was passed through Postal Ballot and no special resolution is proposed to be passed through postal ballot under the provisions of the Act, on or before the ensuing AGM.

Extra Ordinary General Meeting:

During the year under review, no Extra Ordinary General Meeting of the Company was held.

6. DISCLOSURES

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

The Company has put in place a Policy for Related Party Transactions ("RPTs") which has been approved by the Board. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/ Shareholders, reporting and disclosure requirements in compliance with the Act and Listing Regulations.

CORPORATE GOVERNANCE REPORT (Contd.)

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

During the year, the Company has not entered into any material contract(s)/ arrangement(s)/ transaction(s) with related parties, which could be considered material in accordance with the Listing Regulations, sub-section (1) of Section 188 of the Act and the Policy of the Company on materiality of RPTs. The Policy on materiality of RPTs and dealing with RPTs as approved by the Board may be accessed on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-07/Policy_on_Related_Party_Transactions_27072022.pdf You may refer Note No. 41 of the Standalone Financial Statements which contains related party disclosures.

(ii) Details of non-compliance:

No strictures/penalties were imposed on your Company by the RBI, Stock Exchanges or by the SEBI or by any statutory / regulatory authority on any matter related to the Securities markets during the last three Financial Years.

(iii) Whistle Blower/ Vigil Mechanism Policy:

In compliance with the provisions of the Act and Listing Regulations, the Company has adopted a Whistle Blower/ Vigil Mechanism Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides adequate safeguard against victimization of Whistle Blower who avails such mechanism and also provides for the access to the Chairperson of Audit Committee. None of the Whistle Blowers have been denied access to the Audit Committee. The said Policy as approved by the Board may be accessed on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2021-03/IIFL_WhistleBlower_VigilancePolicy_2020.pdf.

(iv) Prevention of Insider Trading:

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") the Company has formulated and adopted Code of Conduct ("code") under PIT Regulations incorporating the requirements in accordance with the PIT Regulations, clarifications and circulars and the same are updated as and when required.

All Designated Persons of the Company are covered under the Code, which provides inter alia for periodical disclosures and obtaining pre-clearance for trading in the securities of your Company. The Company has in place, a tracking mechanism for monitoring trade in the securities of the Company by Designated Persons identified under the Code. Further, a structured digital database is maintained, which contains the names and other particulars as prescribed, of the persons covered under the Code. In this regards, the Company has filed the Compliance certificate with the Stock Exchanges on a quarterly basis.

The Company periodically circulates the informatory e-mails, enables screensavers along with the FAQs on Insider Trading Code, Do's and Don'ts etc. to the employees (including new employees) to familiarize them with the provisions of the Code. The Company also conducts frequent workshops/ training sessions to educate and sensitize the employees/ Designated Persons. The Board has also adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI") which also includes details of your Company's policy for determination on 'legitimate purposes' as per the requirements of the PIT Regulations and is available on the website of the Company i.e https://storage.googleapis.com/iifl-finance-storage/files/2022-07/Code_of_Practices_and_Procedures_for_Fair_Disclosure_of_Unpublished_Price_Sensitive_Information_27072022.pdf

Ms. Sneha Patwardhan, Company Secretary is the "Compliance Officer" in terms of the Code.

(v) Compliance with Mandatory and Non-Mandatory Provisions:

Your Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed under the Listing Regulations to the extent applicable to the Company.

The status on the compliance with the Non-mandatory recommendation in the Listing Regulations are as under:

- Separate post of Chairperson of the Board and Managing Director of the Company.
- The Internal Auditor has direct access to the Audit Committee.
- Unmodified Audit opinions/reports.

CORPORATE GOVERNANCE REPORT (Contd.)

- The Company follows a robust process of communicating with the shareholders which has been explained earlier in the report under "Means of Communication".

(vi) Disclosure of accounting treatment:

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

(vii) Details of Amount/Shares of the Company transferred to the Investor Education and Protection Fund:

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

Accordingly, the Company has transferred ₹ 10,15,398/- on March 24, 2023 being the unclaimed dividend amount, pertaining to interim dividend declared for the FY 2015-16 to the IEPF. The Company has also transferred 6,026 shares as per Corporate Action letters, the date is March 31, 2023 and March 29, 2023 to IEPF in accordance with the above provisions. Further, during FY 2022-23, the Company has transferred the unclaimed interest and principal amount on NCDs of ₹ 16,64,749/-to the IEPF on a periodical basis.

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

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

7. MEANS OF COMMUNICATION TO THE STAKEHOLDERS:

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

The Company organizes earnings call with analysts and investors on the next day of announcement of results. The audio clips and transcripts of these earning calls are uploaded on the website of the Company. The presentations made to institutional investors and financial analysts on the financial results are submitted to the stock exchanges and also uploaded on the website of the Company.

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

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

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

In terms of Regulation 30 of the Listing Regulations, the Company has formulated a policy on maintaining and preserving timely and accurate records uploaded on the website of the Company. The same is available on the website the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-07/Policy_on_preservation_of_Documents_Archival_Policy_27072022.pdf.

CORPORATE GOVERNANCE REPORT (Contd.)

The Company's website contains a separate section namely "Investor Relations" at https://www.iifl.com/finance/investor-relations/overview where stakeholders related information is available and stakeholders can access the information as required to be disseminated on the website of the Company pursuant to clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

8. GENERAL SHAREHOLDERS' INFORMATION:

1.	**Annual General Meeting**	Monday, July 31, 2023 at 11:00 a.m. The Company is conducting the AGM through Video Conferencing / Other Audio Visual Means
2.	**Financial Year**	The Financial Year of the Company comprises a period of 12 months from April 01 to March 31.
3.	**Book closure date**	Tuesday, July 25, 2023 to Monday, July 31, 2023
4.	**Interim dividend**	During FY 2022-23, the Company had declared an interim dividend of ₹ 4/- per Equity Shares on January 30, 2023 and the same was paid on February 16, 2023 after deducting tax at source at applicable rates.
5.	**Listing of equity shares on Stock Exchanges**	**1. National Stock Exchange of India Limited ("NSE")** Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai-400 051 **2. BSE Limited ("BSE")** Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400001 Note - The NCDs issued to Public are listed on BSE and NSE and the privately placed NCDs are listed on NSE and/or BSE. The Company has paid the annual listing and custodian fees for the financial year 2023-24 to the Stock Exchanges and Depositories.
6.	**Stock code**	**NSE** – IIFL **BSE** – 532636 Note: The Non-Convertible Debentures ("NCDs") issued to Public are listed on BSE and NSE and the privately placed NCDs are listed on NSE and/or BSE.

CORPORATE GOVERNANCE REPORT (Contd.)

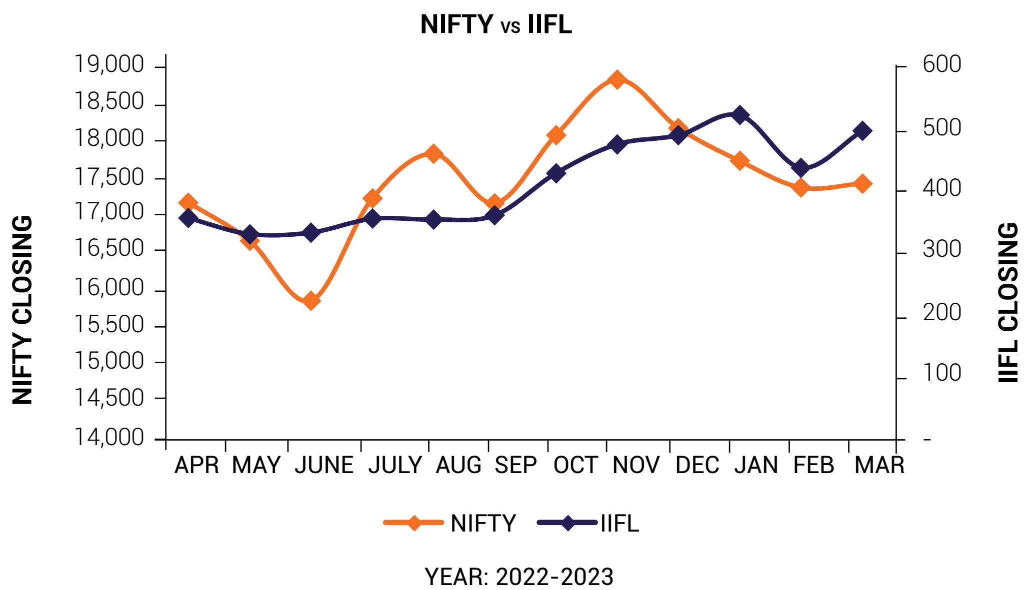
7. Stock market data

Table below gives the monthly high and low quotations of shares traded at BSE and the NSE for FY 2022-23.

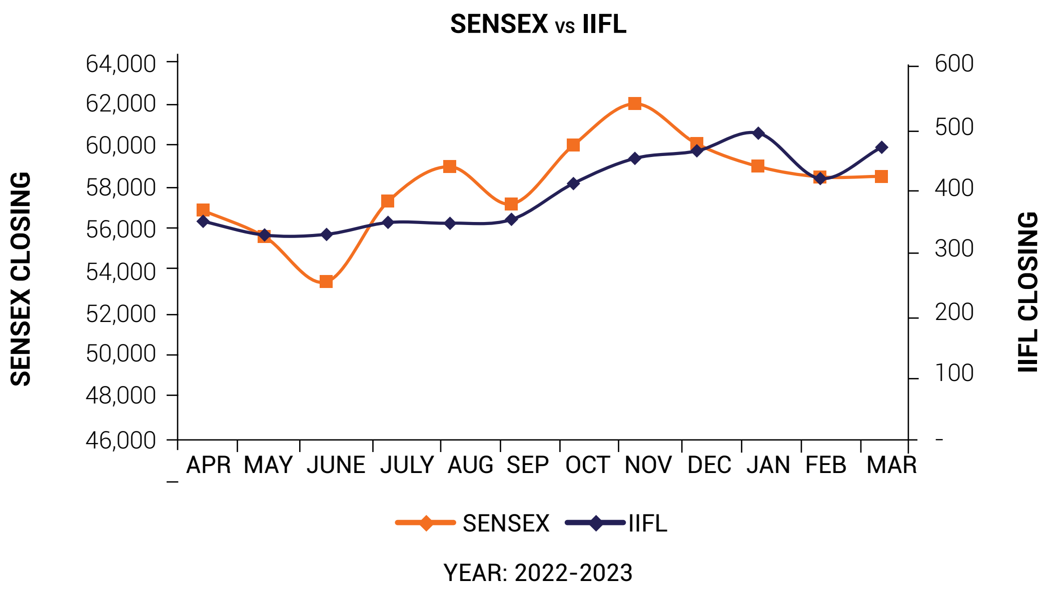
Stock Performance V/s S&P BSE 500 and NSE Nifty 500

The chart below plots the monthly closing price of the Company versus the BSE - Sensex and NSE - S&P CNX Nifty for the year ended March 31, 2023.

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April, 2022	395.15	285.25	31,70,281	396.00	282.00	3,74,34,353
May, 2022	358.20	282.80	19,29,542	357.80	282.90	1,69,86,636
June, 2022	372.00	305.30	98,24,828	372.35	305.00	3,72,87,499
July, 2022	364.00	317.00	7,24,347	363.75	317.15	72,14,047
August, 2022	357.50	323.30	28,68,536	357.50	323.55	3,85,55,972
September, 2022	390.00	330.05	20,83,669	388.60	330.05	2,21,09,150
October, 2022	424.35	340.85	16,36,795	424.35	340.25	1,78,27,927
November, 2022	487.90	395.50	15,71,267	488.00	395.10	1,71,03,531
December, 2022	520.90	435.00	14,09,708	519.95	431.35	1,60,33,178
January, 2023	527.20	454.80	9,59,570	521.25	454.20	1,47,81,559
February, 2023	538.40	420.80	7,33,514	538.00	420.60	1,08,83,478
March, 2023	496.90	408.40	10,33,408	493.95	408.05	70,81,777



CORPORATE GOVERNANCE REPORT (Contd.)



8.	**Demat ISIN numbers in National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") for equity shares**	**ISIN - INE530B01024**
9.	**Registrar & Share Transfer Agent**	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, LBS Marg, Gandhi Nagar, Vikhroli West, Mumbai - 400083. Tel: 022-49186000 Email: rnt.helpdesk@linkintime.co.in Email: bonds.helpdesk@linkintime.co.in
10.	**Share transfer system**	Approximately the entire equity share capital of the Company is held in dematerialized form. The Company's shares are compulsorily traded in dematerialized form and are available for trading with both the depositories i.e. NSDL and CDSL. In terms of the amended Regulation 40(1) of the Listing Regulations, w.e.f. April 01, 2019, securities of listed companies can be transferred only in dematerialized form (except transmission of securities or transposition in the name(s) of holding). Accordingly, the shares held in physical form will not be transferred unless they are converted into dematerialized form. All share transfers and other share related issues get approved by the Members of the SRC in the SRC Meeting, which is normally convened as and when required. Pursuant to Regulation 40(9) of the Listing Regulations, the Company obtained certificates from a practicing Company Secretary on a yearly basis to the effect that all the transfers are completed within the statutory stipulated period. A copy of the certificates so received are submitted to both the Stock Exchanges viz. NSE and BSE. There was no instance of suspension of trading in Company's shares during FY 2022-23.

CORPORATE GOVERNANCE REPORT (Contd.)

11.	**Dematerialization of shares**	As on March 31, 2023, 99.94% of the paid-up share capital of the Company was in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form through CDSL and NSDL as per notifications issued by the SEBI.
12.	**Address for correspondence**	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083 Contact Person: Mr. Jai Prakash VP, Tel: 022-49186270 Email: rnt.helpdesk@linkintime.co.in **Company Secretary & Compliance Officer** Ms. Sneha Patwardhan 802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400069. Email: shareholders@iifl.com
13.	**Outstanding Global Depository Receipts ("GDRs")/American Depository Receipts ("ADRs")/Warrants or any convertible instruments, conversion date and likely impact on equity**	The Company does not have any outstanding GDRs/ADRs/Warrants as on date. The Company has outstanding unexercised ESOPs (vested or not vested) of 36,42,391 stock options as on March 31, 2023 under its ESOP plans which may be exercised by the grantees as per the vesting period. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.
14.	**Credit Rating**	The list of all the credit ratings issued by the credit rating agencies for all instruments has been provided in the Directors' Report.
15.	**Plant Location**	Not Applicable

9. SHAREHOLDING PATTERN:

Categories of Equity Shareholders as on March 31, 2023:

Category	Number of equity shares held	Percentage of holding
Clearing Members	23,465	0.01
Other Bodies Corporate	77,41,602	2.04
Directors	2,60,000	0.07
Foreign Company	8,46,41,445	22.25
Hindu Undivided Family	11,84,998	0.31
Mutual Funds	21,85,747	0.57
Banks	307	0.00
Foreign Nationals	1,11,000	0.03
Non Resident Indians	2,74,70,275	7.22
Persons Acting In Concert	45,68,904	1.20
Public	3,80,83,858	10.01
Promoters	8,99,78,586	23.65
Trusts	75,579	0.02
Insurance Companies	78,90,697	2.07
Body Corporate – Limited Liability Partnership	10,16,765	0.27
Foreign Portfolio Investors (Corporate) – I	8,79,22,376	23.11
Foreign Portfolio Investors (Corporate) – II	1,89,30,794	4.98
Foreign Portfolio Investors – III	81,478	0.02
Alternate Investment Funds	53,10,638	1.40
NBFCs registered with RBI	1,200	0.00
Investor Education And Protection Fund	51,836	0.01
Directors and their relatives (excluding Independent Directors and Nominee Directors)	28,98,839	0.76
Grand Total	**38,04,30,389**	**100.00**

CORPORATE GOVERNANCE REPORT (Contd.)

10. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2023:

The distribution of shareholders as on March 31, 2023 is as follows:

SR. NO.	SHAREHOLDING OF SHARES			SHAREHOLDER	PERCENTAGE OF TOTAL	TOTAL SHARES	PERCENTAGE OF TOTAL
1.	1	to	500	59,655	85.38	48,88,152	1.30
2.	501	to	1000	5,683	8.13	41,20,889	1.08
3.	1001	to	2000	2,107	3.02	30,22,496	0.79
4.	2001	to	3000	693	0.99	17,60,975	0.46
5.	3001	to	4000	329	0.47	11,54,829	0.30
6.	4001	to	5000	239	0.34	11,09,910	0.29
7.	5001	to	10000	462	0.66	33,89,577	0.89
8.	10001	to	**********	698	0.99	36,09,83,561	94.89
Total				**69,866**	**100**	**38,04,30,389**	**100**

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

Money raised through those Public Issue of NCDs have been utilized for the purposes, as disclosed in the Prospectus, for which it was raised and there has been no deviation as on date in the utilization of the moneys so raised.

The Company has not raised funds by issue of equity shares either on preferential basis or through qualified institutional placement during Financial Year 2022-23. Therefore, there are no details to be disclosed as per Regulation 32(7A) of Listing Regulations.

12. DETAILS OF MATERIAL SUBSIDIARIES OF THE COMPANY:

Name of material subsidiaries	Date of Incorporation	Place of Incorporation	Name and Date of appointment of the statutory auditors
IIFL Home Finance Limited	December 26, 2006	Mumbai	M/s. Suresh Surana & Associates LLP Date of Appointment: September 30, 2021 M/s. M.P. Chitale & Co. Date of Appointment: June 07, 2020
IIFL Samasta Finance Limited (Formerly known as Samasta Microfinance Limited)	August 09, 1995	Bangalore	M/s. Brahmayya & Co Date of Appointment June 30, 2022

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

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

The policy for determining 'material' subsidiaries as approved by the Board may be accessed on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-07/Policy_on_determining_Material_Subsidiary_27072022.pdf.

13. CEO/CFO CERTIFICATE:

The Certificate required under Listing Regulations duly signed by the Managing Director, Joint Managing Director and Chief Financial Officer was submitted to the Board and the same is annexed to this Report.

14. PREVENTION OF SEXUAL HARASSMENT:

Your Company recognizes its responsibility and is committed towards creating a respectful and safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has put in place a comprehensive Policy

CORPORATE GOVERNANCE REPORT (Contd.)

on prevention of Sexual Harassment of Women at Workplace. The Company has 'zero-tolerance' approach towards any act of sexual harassment. The Internal Complaints Committee ("ICC") has been constituted as per procedure prescribed in the law. All complaints are investigated and conducted in an impartial manner and the investigation reports and recommendations are forwarded to the Chief Human Resources Officer for action. A quarterly summary report is also placed before the Audit Committee as well as the Board. The details of ICC members have been prominently displayed across all offices in publicly accessible areas. Further, awareness and training sessions about the Prevention of Sexual Harassment at workplace are conducted for all employees, including our associates.

The following Complaints were reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 for FY 2022-23:

a) Number of complaints received during the year: **12**

b) Number of complaints disposed of during the year: **10**

c) Number of cases pending as on end of the year: **2**

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

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

15. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

The Company actively monitors the foreign exchange movements and takes forward/options covers as appropriate to reduce the risks associated with transactions in foreign currencies.

The Company has not taken any exposure in commodity hedging activities.

16. TOTAL FEES TO STATUTORY AUDITOR:

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

Particulars	Amount (₹ In Crore)
Audit Fees	0.55
Certification /other services*	0.35
Out Of Pocket Expenses	0.04
Total	**0.94**

* During the year the Company has paid ₹ 0.25 Crore to the Auditors towards certification pertaining to Public Issue of NCDs the same has been amortized over the tenure of the borrowings.

17. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE:

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Practicing Company Secretary required under the Listing Regulations confirming that none of the Directors on Board of the Company as on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Director of the Company by SEBI/MCA or any such other statutory authority and is annexed as Annexure I to this report.

18. CERTIFICATE ON CORPORATE GOVERNANCE:

The certificate received from the Secretarial Auditors of the Company, M/s. Nilesh Shah & Associates, Practicing Company Secretary confirming the compliance of conditions of corporate governance is annexed as Annnexure II to this report in terms of the provisions of Part E of Schedule V of the Listing Regulations.

19. DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT:

Not applicable.

20. LOANS AND ADVANCES IN THE NATURE OF LOANS TO FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED BY NAME AND AMOUNT:

There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

21. DISCLSOURE OF COMPLIANCE:

The Company had complied with all the disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of Listing Regulations.

CORPORATE GOVERNANCE REPORT (Contd.)

22. CODE OF CONDUCT:

In compliance with Regulations 17(5) and 26(3) of the Listing Regulations, the Company has adopted a Code of Conduct for the Board Members and Senior Management of the Company ("the Code"). The Code is applicable to all the Board Members and Senior Management of the Company. The Code is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2021-03/Code_of_Conduct_2020.pdf

The Senior Management Personnel of the Company have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large. All the Board Members and Senior Management Personnel have confirmed compliance with the Code during the financial year under review and a declaration to that effect signed by the Chairperson of the Company forms a part of this Annual Report and is annexed as Annexure III to this report.

For **IIFL Finance Limited**

Arun Kumar Purwar
Chairperson & Independent Director
(DIN: 00026383)

Place: Mumbai
Date: April 26, 2023

ANNEXURE I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
IIFL Finance Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area,
Wagle Estate, Thane – 400 604.

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and carried by us and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2023** have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Nirmal Jain	00010535	18/10/1995
2.	Venkataraman Rajamani	00011919	05/07/1999
3.	Arun Kumar Purwar	00026383	10/03/2008
4.	Nilesh Vikamsey	00031213	11/02/2005
5.	Chandran Ratnaswami	00109215	15/05/2012
6.	Vijay Kumar Chopra	02103940	21/05/2019
7.	Geeta Mathur	02139552	18/09/2014
8.	Ramakrishnan Subramanian	02192747	06/09/2021

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

Name: Nilesh Shah
For Nilesh Shah & Associates

Date: April 26, 2023
Place: Mumbai
UDIN: F004554E000202554

FCS : 4554
C.P. : 2631
Peer Review No. 698/2020

ANNEXURE II

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
IIFL Finance Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by **IIFL Finance Limited** ('the Company'), for the financial year ended on 31st March, 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 to the extent applicable.

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

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

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

For Nilesh Shah & Associates
Company Secretaries

Place: Mumbai
Date: April 26, 2023
UDIN: F004554E000202565

Nilesh Shah
Partner
FCS : 4554
C.P. : 2631
Peer Review No. 698/2020

ANNEXURE III

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Board of Directors
IIFL Finance Limited

We certify that;

(a) We have reviewed the financial statements and the cash flow statement of IIFL Finance Limited for the year ended March 31, 2023 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

Nirmal Jain
Managing Director
DIN: 00010535

R Venkataraman
Joint Managing Director
DIN: 00011919

Kapish Jain
Chief Financial Officer

Place: Mumbai
Date: April 26, 2023

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and the Senior Management Personnel and the same is available on the Company's website. I confirm that the Company has in respect of Financial Year ended March 31, 2023, received from the Board Members and Senior Management Personnel of the Company, declaration of compliance with the Code of Conduct as applicable to them.

For **IIFL Finance Limited**

Arun Kumar Purwar
Chairperson & Independent Director
(DIN: 00026383)

Place: Mumbai
Date: April 26, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY: OVERVIEW

As per International Monetary Fund (IMF), India was among the fastest-growing major economies in CY 2022

In the post pandemic period, Indian economy has demonstrated remarkable resilience by replacing external stimuli with domestic ones. This resulted in a robust recovery in economic activity, particularly in private sector consumption, and increased government focus on infrastructure development. Despite global challenges and tighter domestic monetary policy, India's growth momentum remained steady. Thus showcasing the underlying strength of the country's economy in recovering and revitalising growth drivers.

Real GDP growth

India's GDP grew 7.2% during FY 2022-23, slightly above the National Statistical Organization (NSO)'s forecast of 7%. The ministry also announced a revised estimate of 9.1% GDP growth for FY 2021-22, which is an increase from the May 2020 estimate of 8.7%.

Several factors can be attributed to the healthy growth rate, including rebounding private consumption, increased production activity, and higher capital expenditure.

The growth outlook for India is strengthened by the limited health and economic impact on the rest of the world from the recent surge in COVID-19 infections in China. This has resulted in the normalization of supply chains, and experts believe any inflationary impulses from the reopening of China's economy are likely to be insignificant and short-lived. Additionally, recessionary tendencies in major Advanced Economies (AEs) may trigger a halt in monetary tightening and the return of capital flows to India, with a stable domestic inflation rate below 6%. Thus boosting human morale and driving private sector investment.

Inflation

The prolonged geopolitical tension between Russia and Ukraine has adversely affected global trade and crude oil prices, weighing heavily on raw material prices. As a cascading effect, economies across the world have witnessed a tighter inflationary grip. In the Indian context, in March 2023, the retail inflation fell to its lowest in the past 15 months, below the 6% upper limit tolerance set by the Reserve Bank of India (RBI). The recorded rate for March 2023 was 5.66%, as opposed to 6.95% in the previous year. For FY 2023-24, the central bank has projected CPI at 5.2%, with 5.1% in Q1, 5.4% in Q2, 5.4% in Q3, and 5.2% in Q4, and risks evenly balanced. Inflation has started to decrease gradually post implementation of higher interest rates. In this instance, the RBI in its second bi-monthly monetary policy of FY 2023-24, in June, kept its repo rate unchanged at 6.50%. This further indicates the gradual smoothening of the inflationary grip on the country's economy.

Capex

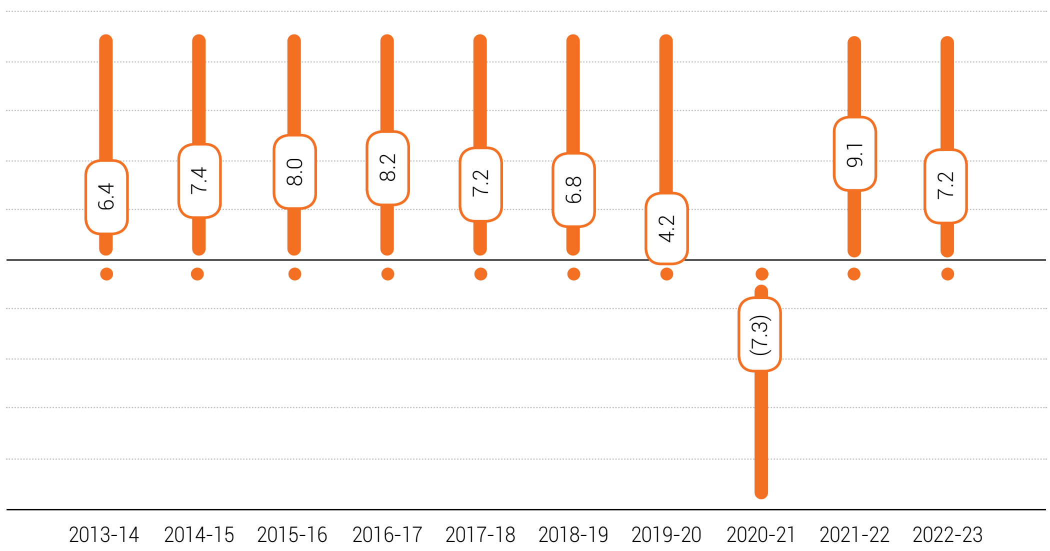
In the past two decades, the Government's focus on capital expenditure was not solely aimed at bridging infrastructure gaps. However, it was also part of a strategic plan to attract private investment by divesting non-strategic Public Sector Enterprises (PSEs) and utilizing idle public sector assets. The 37.4% increase in capex budget to ₹ 10 Trillion in the Union Budget 2023-24, along with higher direct tax and GST collections, enabled the Government to utilize the capex budget without hampering the fiscal deficit targets. The gross GST revenue collection for FY 2022-23 marked a 22% rise, amounting to ₹ 18.10 Trillion. Also, the direct tax collection marked an increase of 17.63%, amounting to ₹ 16.61 Trillion for FY 2022-23. Limited revenue expenditure and a rise in private sector investment since January-March 2022 led to a surge in announced projects and capex spending by private players, indicating a growing trend.

(Source: https://pib.gov.in/PressReleasePage.aspx?PRID=1894932, RBI Estimates, NSO Estimates)

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

INDIAN ECONOMY GROWTH

(% Change)



(Source: MoSPI, https://www.reuters.com/world/india/india-sees-gdp-growth-slowing-6-68-202324-govt-survey-2023-01-31/)

First quarter

According to data released by the National Statistical Office (NSO), India's real GDP grew 13.1% in the quarter ending June 30, 2022. This was the fastest growth in the previous four quarters and the fastest globally. In the same quarter of the previous year (FY 2021-22), the Indian economy grew by 21.6%. Although the growth rate in Q1 of FY 2022-23 was lower than the RBI's estimated 16.2%, it was mainly driven by consumption, which led to a revival in domestic demand, particularly in the services sector.

(Source: NSO estimates, RBI Estimates, MOSPI)

Second quarter

India's real GDP grew by 6.2% YoY in Q2 of FY 2022-23, driven by robust domestic demand and steady investment activity. Sequentially, India's real GDP increased by 3.6% from Q1 to Q2 of FY 2022-23, indicating a significant release of pent-up demand in the economy. This led to a gradual increase in manufacturing and investment activity even as export growth moderated. Notably, private consumption as a percentage of GDP reached 58.4% in Q2 of FY 2022-23 — the highest for any second quarter since FY 2013-14.

(Source: https://www.mospi.gov.in/sites/default/files/press_release PressNoteQ4_FY2022-23_31may23.pdf)

Third quarter

India's economic growth decelerated to 4.5% in Q3 of FY 2022-23, compared to 5.2% in the same period of the previous year. This happened due to the fading of the pandemic-induced base effect. The high inflation rate led to the RBI increasing its benchmark repo rate by 250 basis points since May 2022 till February 2023. During the quarter, the manufacturing sector contracted by 1.1% YoY. This reflected weakness in consumer demand and exports and external demand affected by global central banks' continued monetary tightening. Despite headline inflation declining, core inflation remained high at 6% in November 2022. This was partly due to increased pass-through of high manufacturing costs to consumer prices as demand recovered rapidly. Nevertheless, private capex has been on the rise, reflecting the strengthening balance sheets of corporates and increased credit financing. Gradual and steady improvements in the investment climate, such as deleveraged corporate balance sheets and banks' increased appetite to lend, are overall supportive of private investments. The manufacturing sector may also see gradual progress in investments with better capacity utilization. Furthermore, Government impetus, including the PLI scheme, is boosting the likelihood of investment across various sectors, such as automobiles, solar energy, pharmaceuticals, and electronics.

(Source: https://timesofindia.indiatimes.com/business/india-business/indias-q3-gdp-at-4-4-economy-to-grow-at-7-in-fy23/articleshow/98306889.cms

https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap09.pdf

https://www.outlookindia.com/business/growth-premium-news-244264)

Fourth quarter

In the fourth quarter of the FY 2022-23, the nation achieved a real GDP growth rate of 6.1%, surpassing the Reserve

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Bank of India's earlier projection by 100 basis points. This positive outcome can be attributed primarily to significant progress in the agricultural and service sectors, which made notable contributions to the overall expansion of the economy. Furthermore, capital formation played a crucial role in supporting the expenditure side of the economy. Notably, India's manufacturing sector demonstrated a year-on-year increase of 4.5% during this period, representing a significant improvement compared to the 1.1% contraction observed in the preceding quarter. Additionally, agricultural output experienced a growth rate of 5.5%, exceeding the 3.7% growth recorded in the corresponding period.

Looking ahead, the Union Budget 2023-24, released in February 2023, has outlined seven key focus areas, including inclusive growth, green initiatives, infrastructure and investment, last-mile connectivity, unleashing potential, youth empowerment, and financial sector reforms. To bolster economic growth in the midst of an uncertain macroeconomic climate, a substantial capex of ₹ 10 Trillion has been allocated towards the country's infrastructure development.

Outlook

India is expected to experience a slower real GDP growth (relative to FY 2022-23) of 6% in FY 2023-24 according to S&P Global Ratings. The country has recovered quickly from the pandemic, and the growth in the upcoming year will be driven by robust domestic demand and increased capital investment. The Government has raised capital expenditure to offset the private sector's cautious stance on capital expenditure, supported by strong financials and high GST and direct tax collections. Nevertheless, global spill overs, high inflation, and aggressive monetary policies could hinder the steady growth trajectory. Given India's deepening trade and financial linkages with advanced economies, caution is essential. India's growth cycle has exhibited a high degree of synchronization with advanced countries, and it is impossible to avoid the short-term consequences of a potential downturn.

(Source: MOSPI, NSO, https://www.outlookindia.com/business/growth-premium-news-244264

https://www.deccanherald.com/business/business-news/indias-gdp-to-grow-at-6-in-2023-24-sp-1204173.html)

INDUSTRY STRUCTURE AND DEVELOPMENTS

Non-Banking Financial Company (NBFC)

During economic crises, financial institutions play a crucial role in promoting stability and implementing regulatory measures to support households and businesses. Ongoing geopolitical conflicts have slowed countries' post-pandemic recoveries and hastened the normalization of monetary and fiscal policies after years of unprecedented stimulus measures. In such situations, NBFCs have emerged as principal institutions providing credit financing to the unorganized and underserved sectors, playing a significant role in the Indian financial system.

NBFCs have revolutionized the lending system in India by providing financial inclusion for those who lack easy access to credit. Leveraging digitalization and technology, NBFCs offer a quick and convenient customer financing experience, especially for low-income and untapped segments of the creditworthy population. They offer a range of services, including MSME financing, home finance, EV finance, microfinance, gold loans, and other retail segments. The NBFC segment has also strengthened its business proposition by integrating fintech and developing newer products of the technological age. These companies have unlocked industrial opportunities by leveraging a hybrid model of physical and digital delivery. The Government is also focusing on developing NBFCs with high emphasis on driving quality corporate governance across these entities.

NBFCs take an individualized approach to reach out to borrowers, utilizing segment-definitive standards, leveraging different data sources, and making credit decisions using scorecards. Following sluggish years amid liquidity stress, NBFCs have bounced back strongly with higher capital levels, reasonable stability in delinquency accounts, better asset quality and larger balance sheets. Stronger risk assessment frameworks, Government support such as debt moratorium and liquidity enhancement measures, and broader economic revival have helped them tide through these challenges and pursue innovative strategies to meet evolving opportunities.

The MSME sector will play a pivotal role in the growth of NBFCs in the country. Despite being one of the major contributors in the country's economy, the MSME sector is facing credit gap from the financial institutions. The total addressable market for MSME financing is ₹ 46.4 Trillion with a CAGR of 13% in the MSME credit. Only 15% of total addressable market is served by the formal institutions. NBFCs, under this scenario, can utilize the opportunity and help in the growth of the sector with better financing through customized products and digital solutions.

The rationalization and consolidation of the MSME industry in India is a much-needed process that is expected to bring a host of benefits to the sector. The RBI's efforts to strengthen the digital ecosystem in India are a critical part of this transition. The Account Aggregator network, for instance, is expected to unlock significant value by providing a secure and efficient platform for sharing financial data. This will make it easier for MSMEs to access credit, and for lenders to assess creditworthiness. Similarly, the OCEN network is

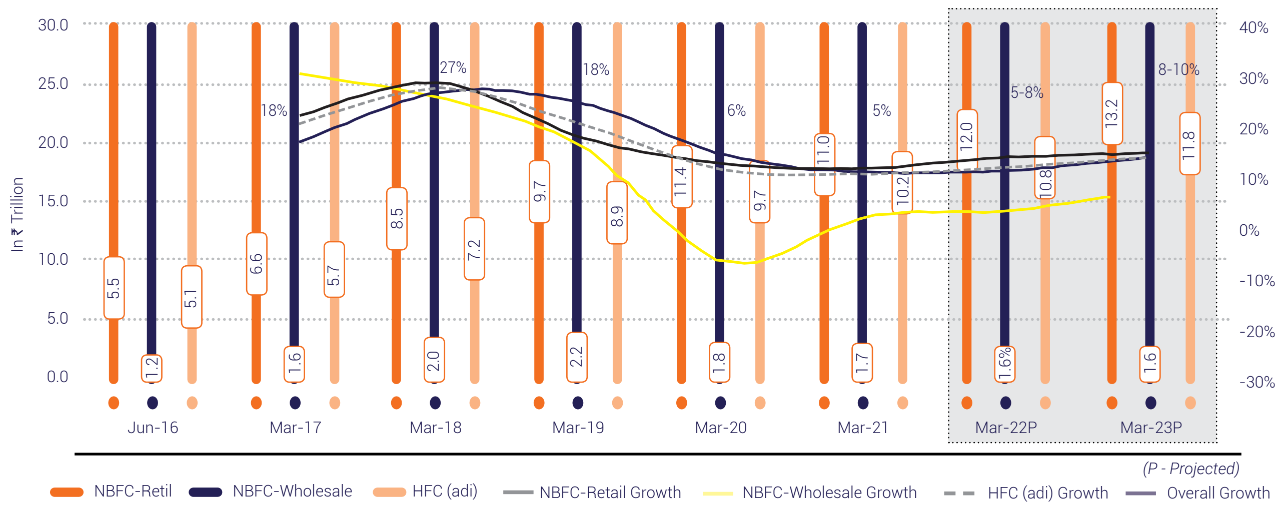
MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

expected to revolutionize the way credit flows in the economy by providing a seamless platform for all stakeholders. Overall, the convergence of digital technologies and the consolidation of the MSME industry in India is expected to create a powerful combination that could unlock significant economic potential.

The RBI has implemented the co-lending mechanism to facilitate the provision of low-cost funds from banks to NBFCs operating in underserved areas and catering to the needs of micro, small, and medium enterprises (MSMEs), economically weaker sections (EWS), low-income groups (LIG), and middle-income groups (MIG). This mechanism aims to address the reluctance of banks to lend in these segments due to the associated higher operating costs and credit risks.

According to the Reserve Bank of India (RBI) data, as of December 2022, outstanding bank credit to NBFCs has significantly increased from ₹ 3.68 Trillion in 2017 to ₹ 13.20 Trillion, non-bank lenders surpassed banks in the microlending category, with NBFC-microfinance institutions (NBFC-MFIs) accounting for 35.1% of outstanding loans compared to 34.8% for banks. The steady momentum of NBFCs is heavily backed by robust demand for personal loans which they need for their growth and working capital. According to ICRA Analysis, NBFCs are expected to witness 8-10% growth in assets under management in FY 2022-23 compared to 5-7% growth in FY 2021-22. NBFCs are expected to play a crucial role in financing India's transition from the world's fifth-largest to the third-largest economy by the end of this decade.

NBFC INDUSTRY AUM



(Source: CRISIL NBFC Report 2021, https://economictimes.indiatimes.com/industry/banking/finance/non-bank-lenders-surpassed-banks-in-microlending-segment-in-september-2022-report/articleshow/97703891.cms?from=mdr
https://assets.kpmg.com/content/dam/kpmg/in/pdf/2022/11/role-of-nbfcs-and-hfcs-in-driving-sustainable-gdp-growth-in-india.pdf
https://www.icraresearch.in/research/ViewResearchReport/4225)

Major Regulatory Updates, FY 2022-23

The Reserve Bank of India implemented Scale-Based Regulation (SBR) for NBFCs in FY 2022-23, to harmonize regulatory frameworks with these institutions' evolving risk profiles.

The main points are as follows

- **Regulatory Structure-Categorization of the NBFCs**

  NBFCs will be categorized into four layers based on their size, activity, and riskiness. Here are the layers and their components:

Layers	Classifications	Components
Basic	NBFC-Base Layer (NBFC-BL)	**(a)** Non-deposit taking NBFCs below the asset size of ₹ 1,000 Crore **(b)** NBFCs undertaking the following activities: **(i)** NBFC-Peer to Peer Lending Platform (NBFC-P2P), **(ii)** NBFC-Account Aggregator (NBFC-AA), **(iii)** Non-Operative Financial Holding Company (NOFHC) **(iv)** NBFCs not availing public funds and not having any customer interface

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Layers	Classifications	Components
Middle	NBFC-Middle Layer (NBFC-ML)	The Middle Layer shall consist of (a) All deposit-taking NBFCs (NBFC-Ds), irrespective of asset size **(b)** Non-deposit-taking NBFCs with asset size of ₹ 1,000 Crore and above **(c)** NBFCs undertaking the following activities: **(i)** Standalone Primary Dealers (SPDs), **(ii)** Infrastructure Debt Fund – Non-Banking Financial Companies (IDF-NBFCs), **(iii)** Core Investment Companies (CICs), **(iv)** Housing Finance Companies (HFCs) and **(v)** Infrastructure Finance Companies (NBFC-IFCs)
Upper	NBFC-Upper Layer (NBFC-UL)	The Upper Layer of NBFCs will be identified by the RBI using specific parameters and scoring methodology for enhanced regulatory requirements
Top	NBFC-Top Layer (NBFC-TL)	Upper Layer NBFCs may move to the Top Layer if the RBI perceives a significant increase in potential systemic risk

- **Regulatory Structure-Categorization of NBFCs carrying out specific activity**

  As the regulatory structure envisages scale-based as well as activity-based regulation, the following prescriptions shall apply in respect of the NBFCs

A	NBFC-P2P, NBFC-AA, NOFHC and NBFCs without public funds and customer interface will always remain in the Base Layer of the regulatory structure.
B	NBFC-D, CIC, IFC and HFC will be included in Middle Layer or the Upper Layer (and not in the Base Layer), as the case may be. SPD and IDF-NBFC will always remain in the Middle Layer.
C	NBFCs like NBFC-ICC (Investment and Credit Companies), NBFC-MFI (Micro Finance Institutions), NBFC-Factors and Mortgage Guarantee Companies (NBFC-MGC) could be categorized in any of the layers based on the parameters of the regulatory framework. NBFC-D, CIC, IFC and HFC will be included in Middle Layer or the Upper Layer (and not in the Base Layer), as the case may be. SPD and IDF-NBFC will always remain in the Middle Layer.
D	Government-owned NBFCs shall be placed in the Base Layer or Middle Layer, as the case may be. They will not be placed in the Upper Layer till further notice.

- **Regulatory Framework and Guidelines-basic parameters**

References to NBFC-ND, NBFC-ND-SI & NBFC-D- Existing classifications	Starting October 01, 2022, NBFC-BL replaced NBFC-ND, and NBFC-ML or NBFC-UL replaced NBFC-D and NBFC-NDSI, respectively, in all references.
Progressive applications for regulations	Regulatory revisions applicable to lower layers of NBFCs will automatically be applied to NBFCs residing in higher layers, unless stated otherwise.
Regulatory guidelines for NBFCs in Base Layer	NBFCs in Base Layer (NBFC-BL) follow NBFC-ND regulations, except for NOF and ICAAP changes. NBFC-P2P, NBFC-AA, and NOFHC follow existing regulations.
Regulatory guidelines for NBFCs in Middle Layer	NBFCs in the Middle Layer (NBFC-ML) will follow current regulations for NBFC-ND-SIs, NBFC-Ds, CICs, SPDs, and HFCs, except for changes related to NOF and ICAAP.
Regulatory guidelines for NBFCs in Upper Layer	Regulations for NBFCs in the Upper Layer (NBFC-UL) include those applicable to NBFC-ML as well as changes related to NOF and Internal Capital Adequacy Assessment Process (ICAAP).

Regulatory changes under Scale Based Regulation (SBR) for all layers of NBFCs

The regulatory minimum Net Owned Fund (NOF) for NBFC-ICC, NBFCMFI and NBFC-Factors will be increased to ₹ 10 Crore, while for NBFC-P2P, NBFC-AA, and NBFCs with no public funds and no customer interface, the NOF will remain at ₹ 2 Crore. There will be no change in the existing regulatory minimum NOF for NBFCs - IDF, IFC, MGCs, HFC, and SPD.

The NPA classification norm for all categories of NBFCs will be changed to an overdue period of more than 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

At least one director of NBFCs should have relevant experience working in a bank/NBFC.

A ceiling of ₹ 1 Crore per borrower will be set for financing subscription to an Initial Public Offer (IPO), but NBFCs can fix more conservative limits.

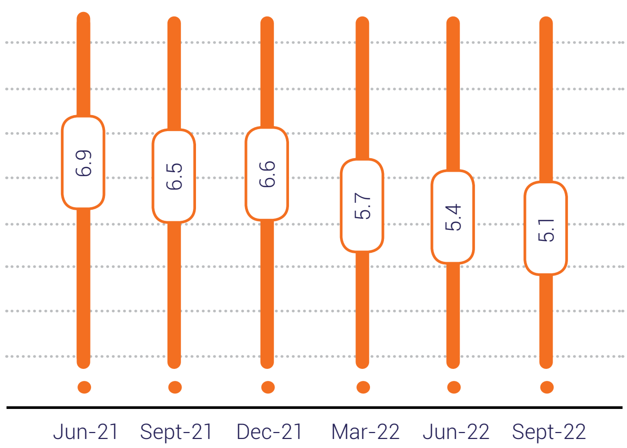
(Source: https://taxguru.in/rbi/sbr-revised-regulatory-framework-nbfc.html
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0)
https://msme.gov.in/msme-annual-report-2022-23

Asset quality

The NBFCs are experiencing a significant uptick in credit demand, leading to a substantial improvement in their asset quality levels, which are now approaching pre-pandemic levels. This is evidenced by the declining gross non-performing asset (GNPA) ratio of 5.1% as of September 2022, down from 6.9% in June 2021. Moreover, the NBFCs have seen an uptick in credit deployment, with their aggregate outstanding amount reaching ₹ 31.5 Trillion in September 2022. The industrial sector received the largest share of credit, followed by retail, services, and agriculture. ICRA analysis suggests that the NBFC sector's growth is being supported by broad-based growth in various sub-sectors, such as microfinance, personal loans, vehicle financing, and housing finance. For FY 2022-23, the NBFC-retail segment is expected to grow at 12%-14%, while the NBFC-HFC could grow at 10%-12%. Assets under management of NBFCs are expected to grow by 13-14% in FY 2023-24. The industry is optimistic that the demand will remain strong, but there could be some downside risks in early FY 2023-24 due to uncertain global macroeconomic conditions.

(Source: RBI Supervisory Returns, https://www.moneylife.in/article/growth-revival-amidst-asset-quality-improvement-to-drive-profitability-for-non-banks-icra/69204.html)

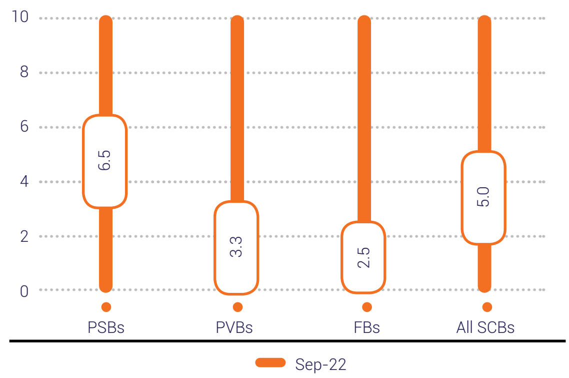
DECLINING GNPA OF NBFCs (%)



(Source: RBI supervisory returns and staff calculations, RBI Financial Stability Report, December 2022)

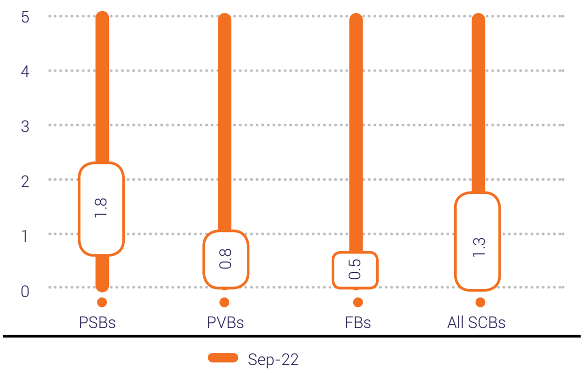
Regarding Scheduled Commercial Banks (SCBs), the GNPA ratio reached a seven-year low of 5% as of September 2022, down from 6.9% in September 2021. This improvement in GNPA is attributed to lower slippages and a reduction in outstanding GNPAs due to recoveries, upgrades, and write-offs in FY 2022-23. Additionally, the NNPA ratio also decreased by 10 basis points from September 2020 to 2.3% in September 2021.

GNPA RATIO OF SCBs (%)



(Source: RBI supervisory returns and staff calculations, RBI Financial Stability Report, December 2022)

NNPA RATIO OF SCBs (%)



(Note: SCBs: Schedule Commercial Banks, PSBs: Public Sector Banks, PVBs: Private Sector Banks, FBs: Foreign Banks)

(Source: RBI supervisory returns and staff calculations RBI Financial Stability Report, December 2022)

Improved asset quality due to effective recoveries is expected to benefit the NBFC industry. This improvement can be attributed to the increased utilization of co-lending and co-origination arrangements with scheduled commercial banks (SCBs), which play a key role in asset sales and securitization transactions conducted by NBFCs. The NBFCs' liquidity and cash flows are likely to be boosted by the improvement in asset quality of SCBs. However, the impact of the updated Prudential Norms by RBI must be considered. Though the RBI's one-time loan

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

restructuring option provided the NBFC industry with some relief, lower provisions are expected to be made by NBFCs assuming they will be better placed than in the previous year.

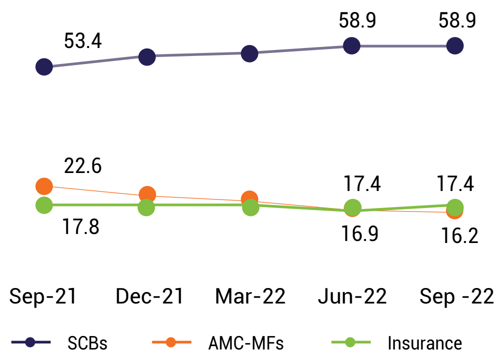
Liquidity update

As per the data published by the Reserve Bank of India, there has been a considerable upsurge in the quantum of funds extended by banks to non-banking financial companies (NBFCs) over the last five years, with an approximate value of ₹ 10 Trillion. The magnitude of this growth has escalated multi-fold to reach a cumulative value of ₹ 13.20 Trillion by December 2022. Despite the substantial increase in interest rates and global uncertainties, the overall bank credit demonstrated a significant year-on-year growth of 15% in the fiscal year 2022-23, totalling to ₹ 133 Trillion by December 2022. The sturdy credit expansion can be attributed to multiple factors, such as a surge in the demand for personal loans greater working capital needs resulting from elevated inflation, and a higher demand from NBFCs. Notably, the lending to NBFCs alone accounted for ₹ 3.5 Trillion, with a 20% incremental increase in bank advances during December 2021 to December 2022. It is worth mentioning that the outstanding credit to the NBFC sector grew by 36% year-on-year as of December 2022.

Countering the inflationary pressure in the economy, the RBI implemented its improvized monetary measures, leaning towards a tighter stance, by increasing the repo rate. Maintaining the continuum, the increment followed six consecutive hikes with a 250 bps rise which ultimately resulted in taking the repo rate to 6.50% as of April 2023 – the highest in five years. However, despite the tighter economic environment, the robust demand of credits compelled the NBFCs to manage their liquidity adequately.

SHARE OF TOP 3 LENDER GROUPS IN NBFCs' GROSS PAYABLES

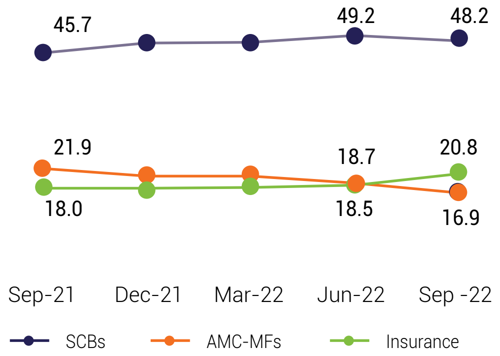
(%)



(Source: RBI Supervisory Returns and staff calculations)

SHARE OF TOP 3 LENDER GROUPS IN HFCs' GROSS PAYABLES

(%)



(Source: Supervisory returns of various regulators and RBI staff calculations)

Outlook

Looking ahead, NBFCs are expected to enter FY 2023-24 with strong momentum, as their Assets Under Management (AUM) are predicted to increase by 13-14% – reaching a four-year high. Despite facing competition from banks in traditional segments, NBFCs have raised ₹ 700 Crore in equity over the past 3.5 years, improving their gearing levels *(NBFCs gearing up for growth, CRISIL Assocham, February 2023)*. Despite yield pressure, the sector is also expected to improve its asset quality metrics. The demand for housing, vehicles, and microfinance will continue to drive AUM growth, although competition from banks and higher borrowing costs could pose challenges. With more robust balance sheets, lower leverage, and steadily improving funding access, NBFCs are well-positioned to capitalize on credit demand, with a strategic focus on non-traditional segments such as unsecured loans, used vehicles, and the MSME sector.

(Source: https://www.theweek.in/news/biz-tech/2022/12/05/nbfcs-witness-healthy-growth-despite-competition-from-banks.html https://www.financialexpress.com/industry/banking-finance/nbfcs-assets-under-management-to-grow-by-13-in-current-financial-year-says-crisil/2897156/)

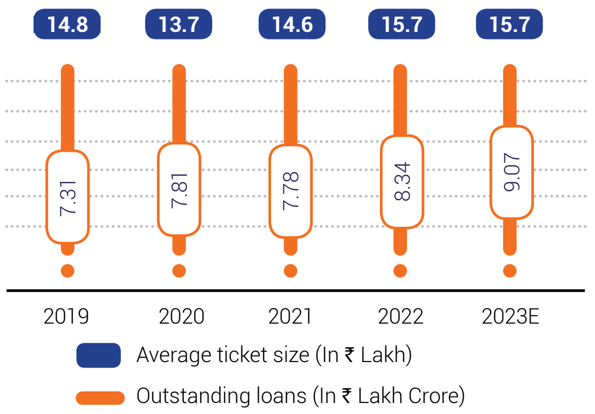
Housing finance

As a fundamental need for humans, housing not only provides shelter but also drives the economic growth and development of low-income households, families, communities, and countries. Widespread vaccination coverage and rising consumer spending on contact-based services led to a significant reduction in housing market inventory. In FY 2022-23, the loan book outstanding stood at approximately ₹ 9.1 Trillion. This growth is expected to continue, with the housing loan segment projected to contribute about 13% to India's GDP by CY 2025, while rising at a CAGR of 20.58% between CY 2022 and CY 2031. A host of factors such as affordable housing, declining

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

property prices, attractive tax incentives, and an increase in household income are driving this growth. Alongside, the housing finance industry is undergoing significant structural changes, with a focus on credit quality and collection efficiency.

OUTSTANDING LOANS FOR HFCs IN HOUSING LOANS



(Source: KPMG Report November 2022)

NBFC HFCs housing loan book

It is anticipated that the assets under management of HFCs will exhibit a growth of 10%-12% during the FY 2022-23, in contrast to the previous financial year's 8%, primarily owing to the growth of home loans. There is a possibility that home loans may register a year-on-year (y-o-y) growth of 15%. The NBFCs' current loan outstanding stands at ₹ 8.9 Trillion with an addressable loan market of ₹ 21 Trillion. In FY 2021-22, there was cumulatively 95 Million units of housing shortages due to demand supply gap in the sector specially in the urban areas. The aggregated loan demand for this sector stood at ₹ 35 Trillion. The credit growth outlook for affordable HFCs is looking robust with 10-12% growth in FY 2022-23. This is further backed by the various Government initiatives for the housing sector like PMAY, tax incentives, RERA, GST, special financing windows. This will help in bridging the demand supply gap in the sector. Also, significant regulatory measures implemented by the RBI and NHB focuses towards fuelling the affordable housing sector with easy flow of credit.

https://economictimes.indiatimes.com/industry/banking/finance/banking/home-loans-form-the-biggest-chunk-of-household-debt-credit-card-outstanding-picks-up/articleshow/93995492.cms?from=mdr

https://www.moneylife.in/article/housing-finance-companies-aum-to-grow-10-percentage-12-percentage-in-fy22-23-crisil/68351.html

Rapid urbanization to drive growth of the real estate sector

The process of urbanization creates a significant impact on the real estate market, as the demand for housing increases with the growth of cities. This trend is particularly relevant in developing countries such as India, where demographic changes and rising population levels are driving demand for residential and non-residential constructions, including offices, healthcare facilities, and hotels. According to the UN World Urbanization Prospects 2018 report, India's urban population is expected to reach 46% by CY 2025, with 814 Million people living in cities by 2050. This growth is expected to be driven by the demand for higher education, infrastructure development, and the shift away from un-remunerative agriculture. The Indian real estate market has already witnessed a significant rise in sales volume, with 3,12,666 residential units sold across eight major cities in CY 2022, representing a growth of 34% over the previous year. The office space market is also recovering, with gross office leasing reaching 51.6 Million square feet and new office space completions growing by 28% in CY 2022. This growth is attributed to factors such as a changing attitude towards home ownership, return to work-from-office, increased hiring, and the proliferation of e-commerce, all supported by economic stability.

(https://www.financialexpress.com/money/residential-sales-in-top-8-cities-at-nine-year-high-in-2022-knight-frank-india/2942300/)

Government impetus to boost the housing sector

The housing finance industry continues to benefit from the Government's 'Housing for All' mission, which includes the credit-linked subsidy scheme to expand institutional credit flow to meet the housing needs of people in urban areas. The extension of the Credit Linked Subsidy Scheme (CLSS) provides financial assistance to homebuyers, which is expected to increase demand for housing. Moreover, with the aid of the Pradhan Mantri Awas Yojana (PMAY) scheme, construction of 6.4 Million homes has already been completed by November 2022. The allocation for PMAY has been increased by 66% to ₹ 790 Billion in the Union Budget 2023-24, indicating the Government's commitment towards the 'Housing for All' mission.

Post increasing the repo rate in FY 2022-23 by 250 bps to 6.5%, RBI decided not to bring any further hike in the rate in their recent monetary policy committee meet in June 2023. This will impact the home loan segment positively and help in regenerating demand among the home buyer segment. A pause in the repo rate hike is more likely an indication towards further easing of the interest rates on home loans that will keep the buyers interested in owning their own shelter of living.

https://www.ibef.org/industry/real-estate-india

(Source:, https://www.moneycontrol.com/news/business/real-estate/budget-2023-affordable-housing-gets-push-pmay-allocated-rs-79000-crore-9920551.html)

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Outlook

According to a Jefferies report, home loan credit outstanding is expected to register a healthy 13% CAGR during FY 2023-26. This growth shall be driven by the increasing demand from Tier-III and Tier-IV cities, rising disposable incomes, and Government initiatives such as the Pradhan Mantri Awas Yojana (PMAY), interest rate subvention schemes, and fiscal incentives. The visible recovery across most sectors is expected to further increase disbursements in the rest of the fiscal year. On the supply side, lenders are focusing on co-lending with Scheduled Commercial Banks (SCBs) to the retail housing industry. On the demand side, Knight Frank India reports that India witnessed a 34% increase in housing demand in CY 2022, reaching a nine-year high. This trend is driven primarily by a post pandemic need for security, increased savings, and relatively little income disruption for middle and higher-income groups. Also, the significant improvement in the home affordability and stable property prices is also propelling the market demand. The increased Government thrusts, such as the PMAY and other initiatives, continues to add to the sector's promising outlook in future.

(Source: CRISIL NBFC report 2021, ICRA, BCG analysis, CBRE Research, Credit Suisse estimates, UN World Urbanization Prospects, India datahub, Macquarie Research, November 2021 https://theprint.in/economy/why-indias-housing-market-hit-a-9-year-high-in-2022-higher-savings-need-for-security/1308059/)

Gold loan

Gold has always held a significant cultural and economic value in India, with Indians accounting for the majority of gold consumption globally. Indian households own a vast amount of gold –27,000 tons – accounting for 14% of the global gold market. Gold has become a popular instrument for borrowers to manage their working capital needs, with only 20% of the total gold account being pledged till now. The market is yet to evolve to its full potential and it witnessed an 8% CAGR growth over the last decade. Indians typically do not sell but pledge their gold jewellery to lenders to obtain a short-term loan. Gold continues to remain one of the most secure and flexible mediums to meet short-term cash emergencies. The popularity of gold loans is high in Indian rural areas, with unorganized players holding 65% of the total pledged chunk in the country. However, organized players such as banks and NBFCs are constantly expediting their processes to penetrate this sector, driven by the lower interest rate charged by organized players, quick disbursement, and the perceived safety of the instrument.

India has a total gold loan market of ₹ 12.3 Trillion out of which 35% share is of organized players *(Source: Role of NBFCs and HFCs in driving sustainable GDP growth, KPMG, November 2022)*. The market is anticipated to grow by 12-14% in FY 2022-23. While banks have a larger share in the organized gold loan sector due to lower interest rates and larger ticket sizes, NBFCs play differently in this context with a greater focus on customer convenience, quick disbursement, and flexibility. In FY 2020-21, NBFCs retained a 23% stake in the Indian gold finance sector, with the total NBFC gold loan AUM increasing by an astounding 44%, surpassing ₹ 4.7 Trillion. This demand was fuelled by a 30% YoY uptick in gold prices in FY 2020-21. The gold industry contributes 1.3% to Indian GDP. Further, the gold loan NBFCs are expected to maintain their outstanding performance due to increasing digitization, a wider physical branch network, minimum documentation, faster turnaround time, and increased demand following the COVID-19 pandemic.

(Source: Gold Financing Sector Outlook, Sep'21) https://www.newindianexpress.com/business/2022/sep/29/financing-remains-crucial-challenge-for-gold-jewellery-industry-report-2503110.html

(Source: Systematix Gold Finance Sector Report Nov. 22, BCG Analysis, CRISIL NBFC Report 2021)

Outlook

Gold is a popular asset class that offers security to borrowers in times of financial need. This has contributed to the steady demand for gold as a source of financing. Additionally, the gold loan sector is transforming, shifting from unorganized to organized and from organized to digital means. This shift is expected to support the increased demand for gold financing in the future. Specialized gold loan NBFCs are expected to play a major role in driving AUM growth due to their focused approach and new technology initiatives that enable customers to transact online with ease.

(Source: Gold.org, IBEF, CRISIL NBFC Report 2021, BCG analysis)

Microfinance

Microfinance institutions have emerged as a solution to address the credit needs of low-income rural consumers who lack recognized revenue streams and collateral availability. With the introduction of structured guidelines, technological innovations, and increased Government support, microfinance has undergone a massive transformation to enable easier and more recognized credit facilities for these households. These institutions not only assist in accumulating assets, surviving crises, and establishing small businesses but also act as a potent tool for empowering women who constitute the largest part of its borrower base. The microfinance sector has witnessed a significant improvement in the total disbursal loan portfolio of microfinance institutions during Q3 of FY 2022-23, rising to ₹ 778.77 Billion as compared to the same quarter of the last financial year. Additionally, the total microfinance gross loan portfolio grew by 25.2% year-on-year basis, to

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

~₹ 3.21 Trillion as of December 2022, serving 64 Million unique borrowers with 126 Million loan accounts. Although the start of FY 2022-23 was mostly sluggish for the microfinance sector due to macroeconomic turmoil, the sector started reviving as the demand for credit increased among the borrowers' community in the later stage of the year.

(Source: CRISIL Research, KPMG Report)

(Source: BCG Analysis, CRISIL NBFC Report 2021, MFIN Micrometer Dec 2022)

Major regulatory updates

- **Removal of interest rate cap on MFI loans**

  The Reserve Bank of India has taken a noteworthy step to further strengthen the MFI sector. RBI has removed the interest cap on loans to such households whose annual income is up to ₹ 3 Lakh. This has increased the eligibility criteria as well as redefined the microfinance loan definition.

- **Percentage of secured loan given by NBFC MFIs**

  NBFC-MFIs are presently permitted to allocate 25% of their overall loan portfolio to borrowers beyond the microfinance category, a notable increase from the previous limit of 15%. Consequently, NBFCs, which are not explicitly engaged in microfinance lending, are now authorized to extend up to 25% of their total loan book to microfinance borrowers, up from the previous threshold of 10%.

- **Household income assessment**

  RBI regulated entities within the MFI sector will be required to set a policy approved by the respective boards, to assess the household income, either adopted or as modified frameworks from Self-regulatory Organization (SRO) or any other agencies.

- **Obligations of loan repayment**

  RBI regulated MFI entities will have to set a policy in place for the limit on the repayment outflows of monthly loan obligations of a household. This would be in the form of a percentage of their monthly household income, with the maximum limit of 50%.

- **Pricing**

  Entities will have to set policies in place for the pricing of microfinance loans, which will include a thoroughly documented interest rate model, a detailed explanation of interest rate components, the range of spread and any other charges on loan. This will bring better transparency for the customer to assess the interest rate calculations.

(Source: KPMG Report Role of NBFCs and HFCs in driving sustainable GDP growth in India)

Outlook

The microfinance industry in India holds immense potential and presents a promising future, with its role of catering to the credit needs of low-income households and small businesses. Despite expansion plans being put on hold due to the COVID-19 pandemic, the demand for microfinance is expected to rise as more people seek financial aid. The total addressable market for MFIs was ₹ 2.6 Trillion in FY 2020-21 for JLG loans and anticipated to grow by 40% by 2025. The growth will be majorly driven by women oriented MSMEs. Microfinance institutions' AUMs are projected to grow by 25-30% in FY 2023-24. In addition, the widespread immunization in the country and the adoption of data-driven customer-centric digital technologies are set to improve the loan experience for customers and lead to paperless lending procedures. As many of the states are coming back to the pre-COVID level growth, the traction for geographically diversified MFIs are also on a upward momentum. As India strives to become a US$ 5 Trillion economy by CY 2025, the microfinance industry is expected to play a crucial role in achieving this goal, by empowering low-income families and small businesses to contribute to the country's economic progress.

Source: CARE Research, CARE EDGE Research, BCG Analysis, ICRA Research

Opportunities

- Bank-NBFC co-lending model expanding the avenues for better lending options
- E-commerce unlocks the potential of retail lending
- Underserved retail and MSME sector providing greater opportunities for NBFCs to grow
- Robust working capital demand continues to remain poised
- Growing digitalization and analytics enhancing lending efficiency
- Gold loans, housing loans and microfinance to advance financial inclusion
- The introduction of the guidelines for the First Loss Default Guarantee (FLDG) represents a momentous achievement for India's FinTech sector. This is a pioneering occasion as it marks the Reserve Bank of India's endorsement of the FLDG program, facilitating credit-risk sharing agreements between FinTech companies and regulated financial institutions such as banks and Non-Banking Financial Companies (NBFCs). Under this lending arrangement, a proportion of the default loan portfolio held by registered entities is safeguarded through guarantees provided by FinTechs

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

or Lending Service Providers. FLDGs provide FinTechs with the means to demonstrate their underwriting capabilities and foster trust among banks and NBFCs.

- Generative AI presents exciting opportunities for NBFCs, empowering them to revolutionize their operations. By leveraging generative AI, NBFCs can enhance risk assessment and underwriting processes, provide personalized customer experiences, and strengthen fraud detection capabilities, opening doors to more efficient operations, better decision-making, and a competitive edge in the financial industry.

THREATS

- **Liquidity squeeze may adversely affect the lending capability of our Company**

  NBFCs play a crucial role in providing access to credit for individuals and businesses in India. However, to meet their financing requirements, NBFCs heavily rely on external funding sources such as banks, mutual funds, and capital markets. Any disruptions in the availability of external funding or a liquidity crunch due to reduced loan recovery, unforeseen events or market volatility can significantly impact the NBFCs' loan disbursement cycle, leading to subdued performance. As such, NBFCs must maintain a strong balance sheet and have adequate contingency plans to mitigate such risks. Hence, co-lending, co-origination and direct assignments are important.

- **Unanticipated changes in regulatory norms may cause certain impact in our company's operations**

  In India, effective regulation and supervision of NBFCs are essential for sustainable growth of the financial sector. The regulatory framework for non-bank lenders has evolved, with a focus on ensuring responsible supervision and regulation. However, sudden, and unanticipated regulatory changes or restrictions may lead to increased compliance costs and affect the production or delivery of current products or services in the NBFC space. Therefore, regulatory bodies must ensure that changes, if any, are well-communicated and implemented in a phased manner to minimize the impact on the sector.

- **Technology disruption may affect operational efficiency, resulting in business slowdown**

  The NBFC sector in India is experiencing a surge in technological advancements. Keeping up with these developments is crucial for businesses to stay competitive. With new digital innovations constantly emerging, NBFCs need to remain at the forefront of technology-based innovation. However, as with any disruptive change, there is always the potential for unforeseen challenges and disruptions, that may arise from emerging technologies.

- **Global economic downturn may cause market slowdown**

  The NBFC sector's performance is not only influenced by the domestic economic situation but also by the global economic climate. Emerging economies such as India can be especially vulnerable to the effects of a global economic downturn. Fluctuating capital flows, currency volatility, and trade barriers can all have significant impact on the productivity and business of NBFCs. Therefore, NBFCs must keep a close eye on global economic trends to mitigate potential risks and adapt to changing market conditions.

- **Global geopolitical crises may affect the business scenario of the country, ultimately affecting our Company's business**

  The Indian NBFC industry is vulnerable to global risks as the country continues to emerge as a major player in the global economic platform. Changes in policies and protectionism of developed and emerging countries, along with trade and capital market conditions, may significantly impact businesses locally. Moreover, geopolitical and trade tensions in the global market pose additional risks to the Indian NBFC sector, making it imperative for companies to keep a close eye on global developments and adapt accordingly.

COMPANY OVERVIEW

IIFL Finance Limited ('our Company' or 'IIFL Finance' 'We'), formerly known as IIFL Holdings Limited, is a prominent and well-respected financial services institution in India. Founded in 1995 as a research firm, we consistently innovated and reinvented ourselves to meet the evolving needs of the financial services industry. Along with our subsidiaries, IIFL Home Finance Limited, IIFL Samasta Finance Limited and IIFL Open Fintech Private Limited, our Company offers a diverse range of financial services, including Gold Loan, Home Loan, Loan Against Property, Digital loans and Microfinance loans, through an extensive network of branches across India. We utilize a hybrid model of physical and digital distribution to deliver financial services, with 4,200+ branches as well as a robust online infrastructure and innovative mobile platforms. We serve over 8 Million customers across various business segments. Our Company is led by first-generation entrepreneurs Mr. Nirmal Jain and Mr. R. Venkataraman and is supported by reputable institutional investors, like

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

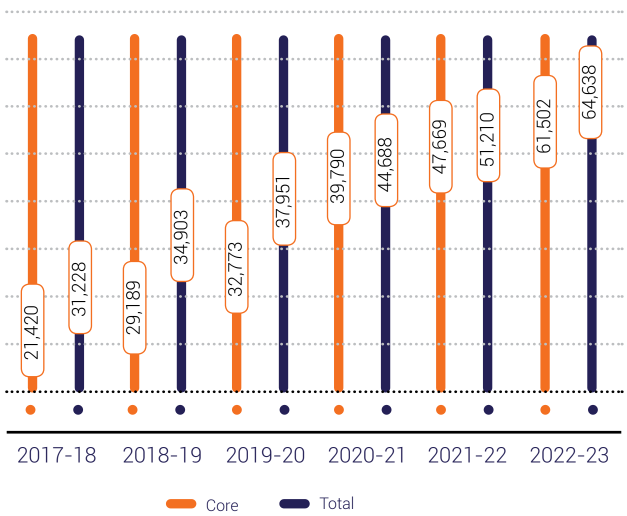
Fairfax Group. Honesty and transparency are core values of our Company, as we aim to keep our loan products simple, ensure transparency, and demonstrate unwavering commitment to our customers. Our management team comprises highly skilled and experienced professionals, committed to fostering a growth culture, entrepreneurship, and innovation among our vast talent pool.

During the year under review, our Company entered into a joint venture with Open Financial Technologies Private Limited, which is the 100th unicorn of India and the largest SMB (Small and Mid-sized Business) Neo-bank. Open has integrated with 17 large banks and has an existing customer base of 2 Million+ merchants. Our Company's existing lending book and infrastructure will be used by Open to offer innovative lending solutions to these merchants on their platform. This joint venture will also give access to users' business transactions leading to better insights for underwriting decisions and it will lead to growth in IIFL Finance's lending book by offering credit solutions to Open's existing merchant base.

Financial performance and operations review

With recovery witnessed across sectors in the FY 2022-23, our business across different verticals continued to grow. Our diversified portfolio, including Gold loan, Home loan, Loan Against Property, Digital loan and Microfinance loan registered upward mobility in terms of growth. During the year, AUM grew by ₹ 13,428 Crore and 26% YoY to ₹ 64,638 Crore, while core AUM grew to ₹ 61,502 Crore.

LOAN AUM (₹ Crore)



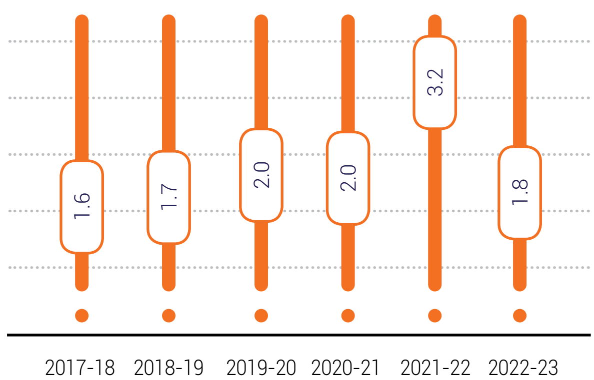
Total CAGR growth for Core 23%

The total comprehensive income grew 28% YoY to ₹ 1,534 Crore (post non-controlling interest).

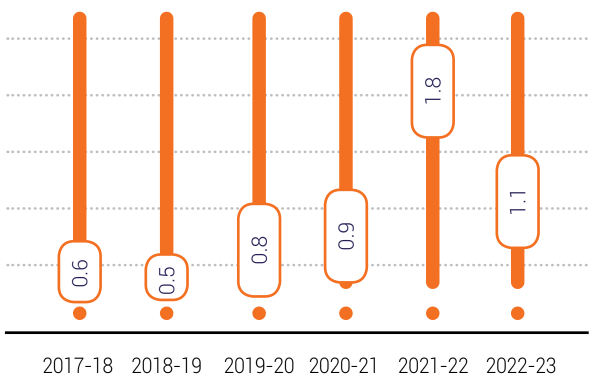
Liquidity has improved significantly in FY 2022-23. We raised long-term funds (excluding assignment/securitization) of ₹ 15,085.93 Crore and were able to assign and securitise assets of ₹ 14,418.44 Crore. IIFL had ₹ 9,356 Crore in cash and cash equivalents, and committed credit lines from banks and institutions as on March 31, 2023, adequate to meet not only all near-term liabilities but also fund the growth momentum.

Though this has a minor impact on margins, it showcases our Company's prudent policy making and resolution to grow. We enjoy surplus liquidity in all maturity buckets across all levels of IIFL Finance. Our Company's asset quality continues to be among the best in the industry. Consolidated GNPAs and NNPAs, recognized as per RBI's updated prudential norms and provisioned according to Expected Credit Loss (ECL) model prescribed in IndAS, stood at 1.8% and 1.1% of loans, respectively. Furthermore, the coverage for NPAs was 167% under ECL provisioning in Ind-AS (including standard asset coverage). Our Company's (Standalone) Capital Adequacy Ratio was 20.38%, including Tier 1 Capital of 12.85%.

GROSS NPA (%)



NET NPA (%)



Loan AUM for core products grew faster YoY at 29%, driven mainly by retail Home loan, Gold loan and Microfinance loan. Gold loan grew by 28% YoY, Microfinance loan by 59%

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

YoY, and Home loan by 23% YoY.

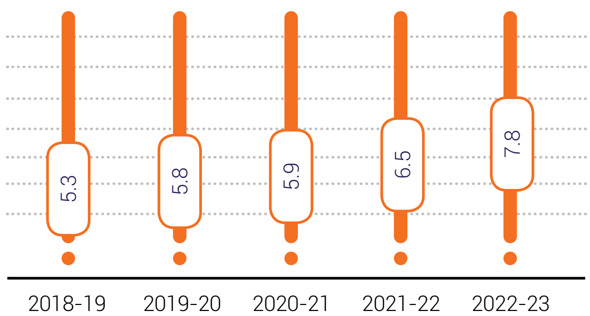
Within the Home loan category, our primary focus remains on affordable and non-metro customers who possess the financial capacity to conveniently acquire or avail products and services that align with their financial capabilities. Specifically, we cater to the affordable home segment, offering small-ticket loans to both salaried individuals and self-employed individuals, with an average ticket size of ₹ 14.5 Lakh.

Through Pradhan Mantri Awas Yojana (Urban) – Credit Linked Subsidy Scheme, our subsidiary, IIFL Home Finance has aligned its business strategy with the Government's 'Housing for All' mission. So far, more than 73,000+ families have benefited from the program, with more than ₹ 1,750 Crore in subsidies distributed.

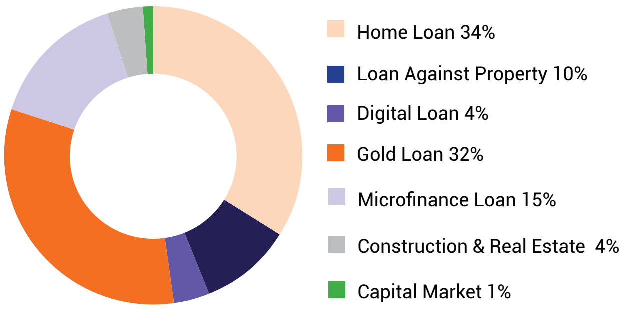
At year ending March 31, 2023, 96% of our Company's loan assets were retail loans secured by mortgages, other collateral, gold, or backed by cash flows to consumers who were underserved by banks. Our Company's success in retail lending may be ascribed to our broad distribution network, cutting-edge technical solutions, a loyal customer base, various co-lending agreements, and a robust balance sheet. Furthermore, excluding gold loans, which are not categorized as Priority Sector Lending (PSL) loans, 67% of our Company's retail loans comply with RBI's PSL standards. The largest share of retail and PSL-compliant loans are of significant value in the current environment where our Company can sell down these loans to raise long-term resources. The share of loans sold down was 26.3% of the total AUM as of March 31, 2023. Also, co-lending off-book stood at 11.7% of total AUM as of March 31, 2023.

Average Interest Spread on balance sheet assets for FY 2022-23 increased to 7.8%.

AVERAGE INTEREST SPREAD (%)

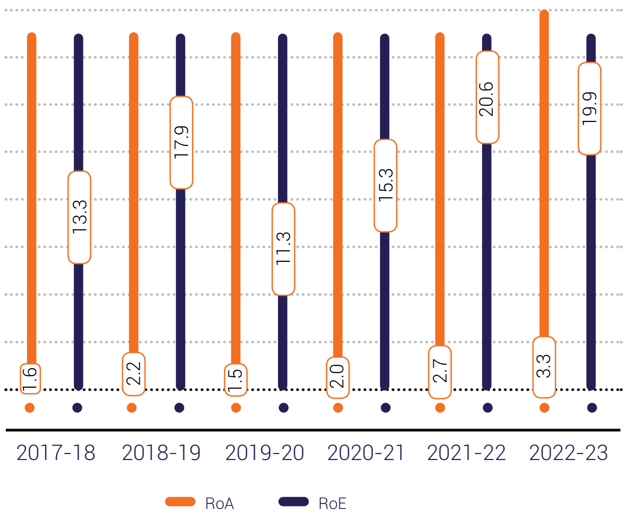


AUM BREAK-UP (%)



Our Company's AUM mix is well spread out with 81.0% comprising secured loans and 19.0% unsecured loans. IIFL currently has 4,000+ branches, primarily for gold, home finance and microfinance businesses. Return ratios for FY 2022-23 reached the highest level with RoA at 3.3% and RoE at 19.9%. Consolidated net profit margin for FY 2022-23 reached 19.0% from 17.0% in FY 2021-22. Net Interest Income mainly increased due to volume growth.

ROA AND ROE (%)



Focusing on the retail portfolio, our Company has undertaken prudent risk management and sufficient provisioning to maintain asset class and growth across segments. With technological advancements, fintech innovations, digital delivery, and paperless loan processing, we have surpassed industry standards. Right from customer onboarding to loan disbursement, entire journey has been digitized for loan against property, digital loans and personal loans. Our Company has created an end-to-end loan process through WhatsApp to provide the borrowers with a seamless borrowing experience. This includes customer onboarding, digital application, loan approval, disbursement, and collection.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Disclosure of accounting treatment

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

SEGMENT OVERVIEW

Gold loan

Treated as one of the most auspicious metals, Indians are passionate about gold. People across social classes in India tend to buy gold products like jewellery, coins, bars, especially for festive occasions. Interestingly, the selling of gold is not much of a popular idea. Rather pledging the same, now-a-days, is one of the most attractive options to procure short-term loans. According to World Gold Council, India has the second largest gold jewellery customers after China. Indian households cumulatively occupy a significant crunch of global gold stock that is 27,000 metric tons. In CY 2022, the value of Indian gold jewellery demand was up by 4% to ₹ 2.73 Trillion, from ₹ 2.61 Trillion in CY 2021. Though, from the weightage point of view, the intake was 2% down in CY 2022 than in CY 2021. Also, in CY 2022 the traded volume of gold subdued by 797.3 tons than CY 2021, However, robust demand of 220 tons, alone in the fourth quarter of CY 2022, registered the highest fourth quarter figures since the year 2000. This indicates a resilient market and unsatiable demand for gold.

The gold loan Assets Under Management (AUM) of the NBFCs is most likely to rise by 15% in FY 2023-24. This is majorly backed by the buoyancy in the gold prices and limited borrowing avenue for select customer segments, strong presence, well-established network, faster processing, and the ability to serve non-bankable customers.

(Source: https://www.financialexpress.com/industry/expect-gold-loan-aum-to-grow-15-in-fy24-muthoot-finance-md/3100668/ https://gjepc.org/news_detail.php?news=india-s-gold-jewellery-demand-slips-2-to-600-4-tonnes-in-2022-gold-imports-plunge-27-#:~:text=Q4%20 2022%20demand%20of%20220,demonetisation%20at%20such%20 high%20prices.%E2%80%9D, https://www.outlookindia.com/business/ at-611-tonnes-india-is-second-largest-gold-jewellery-consumer-in-world-says-wgc-report-news-254989, https://timesofindia.indiatimes.com/blogs/spreading-light/indian-family-gold-holdings-boon-or-bane/)

Business overview

Our Company specializes in providing loans against gold jewellery to small business owners, merchants, dealers, farmers, and salaried individuals at competitive rates, with minimal paperwork and a quick response time. Its verification procedure is overseen by experienced officers who are qualified and educated in asset quality processes. The ornaments are kept safe in fireproof and burglary-proof vaults at gold loan branches that are under 24X7 electronic surveillance.

FY 2022-23 under review

IIFL is possibly second largest lender in gold loan market, having a pan-India presence. Our gold loans have grown at a CAGR of 39% over the past 5 years. Our Company prioritizes expansion along with strong collections and resolutions, resulting in negligible losses. The business' gold loan AUM grew by 28% for the year ended March 31, 2023. As a part of continued digital expansion, IIFL enhanced digital gold loans for top-up and online renewal of gold loans. Additionally, we collaborated with several banks for co-lending of gold loans, which saw significant traction during the year.

Outlook

The gold loan industry is experiencing increased demand from small businesses due to lenders becoming risk-averse and reducing their focus on collateralized loans. This presents a massive opportunity for the untapped gold loan industry in India, with only 35% of the overall gold loan market in India being serviced by formal segments in FY 2021-22. According to CRISIL Research, the gold loan AUM is expected to witness a growth rate of 12-18% between CY 2022-2024, owing to its secured nature and minimum risk of default. With our advanced technological infrastructure, robust online platforms, and paperless loan processing, our Company is well-positioned to capitalize on the opportunities, that will arise in the gold loan sector going forward.

Home loan

The growth of the real estate sector in India is overwhelmingly backed by the incremental focus on housing ownership among the millennials. Post the sluggish pace due to COVID-19 pandemic, the sector is gradually witnessing rise, especially in the affordable housing segment. Because of the lower penetration in this segment, the sector possesses unhindered opportunities of growth. Also, the increased income levels, and correction in the housing prices have improved the affordability over the years. As of CY 2022, India's mortgage penetration stands at 13% of GDP. However, the increased demand in the housing industry is going to double the country's home loan volume. This is achievable owing to the incremental Government thrust in the sector in the form of higher budgetary allocation under lucrative schemes like Pradhan Mantri Awas Yojana (PMAY) and Credit Linked Subsidy Scheme (CLSS). NBFCs alone had a 38% share in the home loan segment in CY 2022.

(Source: KPMG Report, https://www.aninews.in/news/business/home-loan-portfolio-of-banks-and-nbfcs-remains-strong-amid-rising-rates-report20221128132932/)

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Business overview

IIFL Finance through its subsidiary IIFL Home Finance offers loans for residential property purchases, house building, home improvement, and plots. We also provide small and medium businesses with mortgage-backed loans for residential or commercial properties for a variety of purposes, including working capital, business usage, commercial property acquisition, and more. Our Company's robust foundation allows us to conduct appropriate credit background checks on applicants. It assists us in undertaking appropriate legal and technological security assessments. For large mortgage loans, our Company uses both external and internal property appraisals, including assessments by international property specialists.

FY 2022-23 under review

Our Company's focal point during the year was affordability and non-metro customers leveraging on IIFL Group's vast network. Our target customers are those individuals or households who have the financial ability to comfortably purchase or access products and services within their means. Our Company's home loan AUM grew by 23% to ₹ 21,800 Crore for the year ended March 31, 2023. IIFL has advanced to 99% customer onboarding and decision-making through digital platform, thereby, reducing operating and credit costs. We have initiated co-lending disbursement of over ₹ 2,746 Crore with several banks for home loans. In one of the most substantial equity investments within India's affordable housing finance segment, Abu Dhabi Investment Authority invested ₹ 2,200 Crore to acquire a 20% stake in IIFL Home Finance. Our Company has also tied up with state housing boards and developers to undertake construction of green buildings.

Outlook

With rising urbanization and economic revival, backed by rising inoculation levels, the demand for real estate is picking up. The Government has also provided various liquidity measures to boost demand for this sector.

Furthermore, assignment/securitization along with co-lending are expected to provide further liquidity support and boost demand going ahead. With a focus on affordable housing projects, we are well-prepared to tap this opportunity. Simultaneously, IIFL Home Finance, continues to concentrate on sustained digital expansion, asset-liability profile management and prudent risk management framework.

MICROFINANCE

Microfinance serves as a crucial conduit for providing financial services to a demographic largely overlooked by formal banking institutions. This sector primarily focuses on extending accessible and recognized credit facilities to low-income households. Leveraging our grassroots connections, microfinance plays a pivotal role in stimulating income-generating activities and enhancing livelihoods, both in rural and urban areas. Notably, microfinance serves as a potent instrument for empowering women, who comprise the majority of our borrower base.

The recent regulatory guidelines pertaining to Non-Banking Financial Company-Microfinance Institutions (NBFC-MFIs) have yielded favorable implications for the industry. A key aspect of these guidelines is the equitable treatment extended to all players, leveling the playing field by eliminating the previous exclusive application of a 10% spread cap solely to NBFC-MFIs. This regulatory measure additionally grants the board the authority to establish a comprehensive policy framework that adequately assesses credit risk and aligns pricing accordingly. Moreover, the revision of the household income threshold to ₹ 300,000 significantly expands the market potential for participants in the microfinance sector. *(Source: MFIN Micrometer December 2022)*

Business overview

Our Company's mission is to uplift communities by providing microloans for income-generating activities such as dairy cattle loans, among others. Our granular portfolio delivers high yields. The majority of our customers are women-led Self Help Groups (SHGs).

FY 2022-23 under review

IIFL Finance through the subsidiary IIFL Samasta runs the microfinance business and experienced a 59% YoY increase in AUM, amounting to ₹ 9,786 Crore in FY 2022-23, making it the second largest player in the MFI-NBFC space. Our Company diversified into untapped regions, improved operational efficiency, and supported customers in enhancing their productivity after the COVID-19 pandemic. As of March 31, 2023, the MFI segment served over 23.5 Lakhs active customers across 19 states, with a branch network of 1,267.

Outlook

NBFC MFIs have significant potential in the post-COVID 19 pandemic era, as MFI loans primarily support income-generating activities. The rural sector in India still lacks adequate access to credit, which presents ample opportunities for NBFC MFIs to expand into underpenetrated regions.

Digital loan

Though the MSME sector is the enabler of wealth at the grassroot levels in the country, it contributes 29% of the

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

nation's GDP in FY 2021-22. Also, the segment caters to the women and marginal entrepreneurs in the country. Almost 95% of all industrial units, that form a part of this sector, build the backbone of the economy. The Government of India (GoI) has been very proactive in encouraging the MSME segment and ensuring that large number of MSMEs benefit from various incentive schemes like Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and Emergency Credit Line Guarantee Scheme, among others. Strengthening the MSMEs is the key to achieve the US$ 5 Trillion economy dream. With proper access to funding and technology infrastructure support, MSMEs have the potential to lead the development and industrialization of underdeveloped regions. Increased focus from the Government, coupled with co-lending opportunities by banks and NBFCs showcases a promising future for MSMEs in India.

(Source: https://timesofindia.indiatimes.com/blogs/voices/msmes-the-growth-engine-of-india/
https://www.investindia.gov.in/team-india-blogs/growth-imperative-msme-sector)

Business overview

IIFL Finance Limited provides a diverse range of business loans, including small-scale cash flow analysis-backed business loans. Our Company has a strong foundation in the rapidly developing, low-ticket size, high-yielding MSME sector. Our Company stands out due to our strong underwriting and credit checks done in-house, ensuring a rigorous evaluation process for loan applicants. Using technology as an enabler, we have been providing financial solutions to MSMEs, which is evidenced by the launch of instant paperless loans through WhatsApp and MyMoney App. This has resulted in faster processing times, and high levels of client satisfaction. Additionally, our Company has e-integrated with various fintech partners to ensure seamless end-to-end processes.

FY 2022-23 under review

During the year, our Company achieved operating efficiency in the digital loan processing format. We had previously partnered with leading fintech lenders to focus on both business loans and personal loans with appropriate risk-sharing arrangements. We adhere to a strong risk management framework, balancing prudent credit underwriting with instant decision-making and automated disbursements, based on analytical scorecards. The MSME loans segment achieved 33% growth in FY 2022-23. Asset quality and collection efficiency also improved.

Outlook

The unserved and underserved MSME segment in India has a significant potential for growth. Our Company is well-positioned to continue serving this expanding segment going forward, fulfilling the financing needs of small businesses in the unserved and underserved segments. With a vision of financial inclusion, our Company plans to further invest in technological integration to provide end-to-end digital loans, enhancing overall customer experiences.

The release of the recently introduced First Loss Default Gurantee (FLDG) guidelines represents a notable milestone for fintech players operating in the industry. These guidelines introduce a significant development by allowing unregulated entities to provide guarantees to regulated lenders in cases of borrower defaults. This regulatory framework empowers fintech lenders to cater to borrowers with lower credit scores or limited credit histories, including individuals from the blue-collar workforce, micro, small, and medium enterprises (MSMEs), students, and agricultural units, through partnerships with banks.

Moreover, the new guidelines impose stricter customer protection measures and emphasize a higher level of transparency. These requirements aim to enhance customer confidence in fintech lending operations and promote a more secure and transparent lending ecosystem.

(Source: https://www.financialexpress.com/industry/banking-finance/rbis-new-fldg-guidelines-propel-fintech-innovation-and-financial-inclusion/3136838/, https://yourstory.com/2023/06/fldg-explained-new-rules-changes-impact-borrowers-fintechs-banks)

RISK MANAGEMENT AND GOVERNANCE

Effective risk management is essential to the success and sustainability of any business, and IIFL understands this well. By integrating risk management into all of our activities, we ensure that we optimize the risk-return equation while adhering to all applicable laws, rules, and regulations. This approach not only protects our Company from potential losses but also enhances its reputation as a reliable and responsible financial services provider. We recognize that risk management is not a one-time activity but an ongoing process that requires constant vigilance and adaptation to changing circumstances. By promoting a robust and disciplined risk management culture across all levels of the organization, we ensure that our employees are aware of the risks associated with their activities and are equipped with the knowledge and tools to manage those risks effectively.

(Read more on pages 52-55, 94-95)

HUMAN RESOURCES

Human Resources (HR) play a crucial role in developing, reinforcing, and enhancing the culture of an organization. We emphasize people-friendly policies and practices and focus on adopting the best HR policies and practices.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

A strong management team at our Company attracts proficient professionals from various sectors, including BFSI, technology, software, and start-ups. This has helped build a transparent, meritorious, and performance-driven culture in the organization.

(Read more on pages 70-75)

INTERNAL CONTROLS

Our Company employs a comprehensive internal control system supplemented by concurrent and internal audits, special audits, and regular management reviews. These internal processes ensure the existence of appropriate checks and balances and regulatory compliance at all levels. The internal audit team conducts risk-based audits of these processes to ensure that internal controls for fraud prevention, detection, reporting, and remediation are sufficient and effective.

Our Company places significant emphasis on the inspection of process controls, risk monitoring, and fraud prevention methods. Therefore, we have made substantial investments to ensure that our internal audit and control systems are appropriate and sufficient to meet our regulatory requirements and operational scale. Additionally, we strive to minimize operational risk by maintaining comprehensive internal controls, establishing rules and processes to monitor transactions, implementing necessary backup procedures, and developing contingency plans.

To mitigate risks associated with employee and consumer fraud, fire incidents, theft, and burglary, our Company adequately insures the pledged ornaments. Furthermore, we employ both on-site and off-site security surveillance measures to safeguard our branch locations. Additionally, we conduct risk-based internal audits across all branches to assess the adequacy and compliance of internal controls, systems, and procedures.

In order to benefit from expert oversight, diverse verification approaches, and optimize the return on investment from the audit process, we have engaged top-tier firms to handle the internal audit of our major businesses. For example, KPMG is responsible for auditing our NBFC, HFC, and MFI businesses.

To manage various risks across multiple products and operations, our Company employs the 'three lines of defence' risk governance strategy. The line management function serves as the first line of defence, followed by the risk management and compliance functions, and finally, the audit function.

The internal audit function is an independent unit of our Company, headed by the Head-Internal Auditor and operates under the direction and supervision of the Audit Committee of the Board. To assess the efficacy of controls, compliance with controls, and adherence to internal processes and procedures, the internal audit function collaborates closely with the risk management and compliance department. For audit planning purposes, activities are evaluated - based on their inherent and control risk. The internal audit function conducts a yearly risk assessment exercise to identify the same, and the frequency of auditing these activities is determined based on the risk assessment.

Moreover, our Company is ISO/IEC 27001:2013 certified and has established robust information security protocols, highlighting our commitment to providing clients with dependable and secure technology.

INTERNAL FINANCIAL CONTROLS

Our Company has implemented adequate internal controls for financial statements and operations, and they are operating effectively. The internal auditors scrutinized the design and effectiveness of the primary controls and discovered no significant deficiencies during their investigation. Additionally, the statutory auditors evaluated the systems and procedures and confirmed their appropriateness, stating that the internal financial controls system for financial reporting is functioning successfully.

OUTLOOK

Most sectors of the economy are experiencing growth and expansion, which necessitates financing. NBFCs are projected to register steady growth due to robust credit demand throughout the country. These NBFCs are leveraging successful co-lending partnerships, customer service expertise, and digital capabilities to meet the demand for financing. Moreover, the NBFCs' Assets Under Management (AUM) growth and collection efficiency have already surpassed pre-pandemic levels, while asset quality is expected to register further improvement in the next fiscal year.

Gold loans, home loans, and microfinance loans are expected to outperform other segments. These loans, in particular, are experiencing increased demand from individuals and small businesses due to their secured nature. NBFCs are best positioned to take advantage of these opportunities due to their extensive reach. The Government's measures, such as Housing for All, Credit Linked Scheme (CLSS), and Production Linked Incentive Schemes (PLI) across sectors, as well as financial inclusion efforts, further brighten the future for these sectors.

Over the years, our Company has invested in people, processes, and technology to provide a superior customer experience. As a result, IIFL is well-positioned to take advantage of upcoming opportunities and overcome challenges by leveraging our digital infrastructure, healthy balance sheet, and growth-oriented mindset.

Business Responsibility and Sustainability Report

SECTION A GENERAL DISCLOSURES

i. Details

1.	Corporate Identity Number (CIN) of the listed entity	L67100MH1995PLC093797
2.	Name of the organization	IIFL Finance Limited ("IIFL")
3.	Year of incorporation	1995
4.	Registered office address	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra - 400 604
5.	Corporate address	802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400 069
6.	E-mail	shareholders@iifl.com
7.	Telephone	(91-22) 6788 1000
8.	Website	www.iifl.com
9.	Reporting period for the information provided	April 01, 2022 - March 31, 2023
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited and BSE Limited
11.	Paid-up capital	₹ 76.09 Crore
12	Provide the contact point for questions regarding the report or its contents	Ms. Sneha Patrwardhan Company Secretary and Compliance Officer Telephone No. (91-22) 6788 1000 shareholders@iifl.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Disclosures made in this report are on a standalone basis and pertain only to IIFL.

ii. Products/Services

14. Details of business activities (accounting for 90% of the entity's turnover):

Description of main activity	Description of business activity	% of turnover of the entity
Financial services	The Company is a financial services Company offering varied loan products.	95.58%

15. Products/Services sold by the entity (accounting for 90% of the entity's turnover):

Product/Service	NIC Code	% Of total turnover contributed
Other Credit Granting	64920	95.58%

iii. Operations

16. Number of locations where operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	NIL	2,703	2,703
International	NIL	NIL	

17. Markets served by the entity:

a. Number of locations:

Locations	Number
National (No. of States)	31
International (No. of Countries)	NIL

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**

Not Applicable

c. Brief on types of costumers:

Individuals	Private individuals or consumers who require financial services for personal reasons.
Small and Medium-Sized Enterprises (SMEs)	SMEs who require funds for their operations, to purchase equipment, manage cash flows, expand their operations, or invest in new projects.
Startups and Entrepreneurs	Startups and Entrepreneurs require capital to launch or grow their businesses.
Corporations	Large corporations requiring finance for mergers and acquisitions, capital expenditure projects, restructuring debt, or managing cash flow gaps.
Retailers and Merchants	Financing in partnership with retailers and merchants to provide consumer financing options.
Real estate developers and Investors	Those who require funding for property acquisitions, construction projects, renovations or real estate investments.
Healthcare and Medical Institutions	Finance to medical practices, hospitals, clinics and healthcare providers for equipment purchases, facility expansions, technology upgrades or to bridge cash flow gaps.
Government and Public Sector Entities	Government agencies, municipalities and other public sector organizations requiring finance for infrastructure development, public projects, etc.

iv. Employees

18. Details as of March 31, 2023:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1	Permanent (D)	14,937	10,981	74%	3,956	26%
2	Other than Permanent (E)	99	86	87%	13	13%
3	**Total employees (D + E)**	**15,036**	**11,067**	**74%**	**3,969**	**26%**

*The Company does not have any worker as defined in the guidance note of BRSR.

b. Differently abled employees

We, at IIFL Finance are committed to all employees regardless of their background, abilities or disabilities. We believe in fostering an inclusive and diverse work environment which values the contribution from every employee. In line with our Company's commitment to treat all employees fairly, we do not track specific details related to an individual's disability - as we believe in the privacy of the employee and strives to avoid any biases or stigmatization. Company's goal is to remain an equal opportunity employer and ensure all employees are treated fair.

19. Participation/Inclusion/Representation of women:

	Total (A)	No. and % of females	
		No. (B)	% (B/A)
BOARD OF DIRECTORS	8	1	12.5%
KEY MANAGERIAL PERSONNEL*	4	1	25%

*Includes 2 Key Managerial Personnel covered under Board of Directors.

20. Turnover rate for permanent employees and workers:

Female Male

	FY 2020-21						FY 2021-22						FY 2022-23					
	Below 30 yrs		30-50 yrs		Above 50 yrs		Below 30 yrs		30-50 yrs		Above 50 yrs		Below 30 yrs		30-50 yrs		Above 50 yrs	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Junior Management	10.50%	15.10%	5.40%	15.90%	0.00%	0.00%	7.60%	8.90%	5.40%	15.60%	0.00%	0.00%	13.30%	21.50%	5.60%	19.60%	0.00%	0.00%
Middle Management	0.40%	1.00%	2.60%	26.30%	0.10%	0.50%	0.30%	0.50%	3.60%	21.70%	0.10%	0.30%	0.60%	1.90%	3.30%	31.50%	0.00%	0.40%
Senior Management	0.00%	0.00%	0.00%	12.40%	0.00%	12.40%	0.00%	0.00%	2.50%	53.50%	0.00%	7.60%	0.00%	0.00%	2.50%	10.10%	0.00%	2.50%
Grand Total	**9.60%**	**13.80%**	**5.10%**	**17.80%**	**0.00%**	**0.10%**	**6.90%**	**8.10%**	**5.20%**	**16.30%**	**0.00%**	**0.10%**	**12.20%**	**19.80%**	**5.40%**	**20.60%**	**0.00%**	**0.10%**

*The Company does not have any worker as defined in the guidance note of BRSR.

v. Holding / Subsidiary / Associate companies / Joint ventures

21. As on March 31, 2023:

Sl. No.	Name of the holding / subsidiary / associate company / joint venture	Indicate whether holding/ subsidiary/ associate/ joint venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the business responsibility initiatives of the listed entity? (Yes/No)
1	IIFL Home Finance Limited	Direct Subsidiary	79.59%	No
2	IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	Direct Subsidiary	99.51%	No
3	IIFL Open Fintech Private Limited	Direct Subsidiary	51.02%	No
4	IIHFL Sales Limited	Step – down Subsidiary	79.59%	No

vi. CSR details

22. As on March 31, 2023:

CSR details

(i)	Whether CSR is applicable as per Section 135 of Companies Act, 2013 (Yes/No)	Yes
(ii)	Turnover (in ₹ Crore)	4,058.18
(iii)	Net worth (in ₹ Crore)	5,033.68

vii. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY23 Current Financial Year			FY22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year$	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes https://storage.googleapis.com/iifl-finance-storage/files/2023-07/CSR%20policy_IIFL%20Finance.pdf	-	-	-	-	-	-
Shareholders*	Yes https://www.iifl.com/finance/investor-relations/contact-centre?redirect=menu-bar	18	0	-	22	0	-
Employees#	Yes Vigilance policy available in HRMS portal	99	0	-	17	0	-
Customers	Yes https://www.iifl.com/finance/grievance-redressal-procedure	6,666	47	-	976	10	-
Value Chain Partners	Yes https://www.iifl.com/finance/grievance-redressal-procedure	3,547	3	-	2,394	2	-
Other (Please Specify)	-	-	-	-	-	-	-

*Shareholders include Investors.

#Complaints on Sexual Harassment are reported separately.

$Complaints pending as on March 31, 2023, were subsequently resolved

24. Overview of the entity's material responsible business conduct issues:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Data and Customer Privacy	Risk	Security and protection of customer data is crucial to avoid data misuse. Our Company relies heavily on its technology infrastructure. As majority of transactions are processed digitally, it increases cyber/ information security risks.	Our Company has a strong Information and cyber security policy wherein cyber risk and its mitigation are monitored and updated. The IT Strategy Committee and Board of Directors reviews and approves any updates in data and customer privacy related matters. The Chief Information Officer (CIO) and Chief Information Security Officer (CISO) are responsible for the Company's data and customer privacy and take decisions on any related issues. Plans for managing data privacy matters have been constituted, like Cyber Security Emergency Response Plan (CSERP), to adapt/mitigate any data and customer privacy related occurrences. We have increased efforts to update employees, customers and other stakeholders of any potential cyber frauds, data privacy etc. Informative materials on data and customer privacy are shared via mail, SMS and on social media. Adopted ISO 27001:2013 Risk Assessment methodology to identify and mitigate security risks, Organization is ISO 27001:2013-certified	**Negative** ▸ Reputational risks ▸ Data privacy issues may lead to litigation risks/ financial risks ▸ Regulatory risk in terms of fines, penalties, etc.
2.	Economic performance	Opportunity	Financial performance drives profitability, business survival and promotes expansion of business. Further, maintaining credit rating and return ratios also enhance goodwill. Economic growth is one of the 7 pillars of our Company's ESG framework.	-	**Positive:** ▸ Increases profitability ▸ Increases shareholders value
3.	Responsible lending	Opportunity	Integrating ESG into service/product offerings helps us expand market access and reach out to more marginalized / vulnerable groups. Greater disclosures on ESG aspects may help increase access to larger pools of green financing at commercially favorable terms.	-	**Positive:** ▸ Increased market access ▸ Growth in Business

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4.	Responsible marketing	Risk and Opportunity	Customer retention is directly dependent on transparent, comprehensive and clear communication and branding of our services	We ensure that all our marketing initiatives and communication is in compliance with all applicable regulations. It is our constant endeavor to ensure high level of transparency and clarity in all our marketing campaigns and communication.	**Positive:** ▶ Enhanced customer base ▶ Increase and stability in revenue ▶ Improvement in customer retention
5.	Risk management	Opportunity	Optimizing our risk-return equation is possible through responsible risk identification and management processes – of both financial and non-financial risks	-	**Positive:** ▶ Stable and predictable business ▶ Value creation ▶ Supports business continuity
6.	Financial inclusion and literacy	Opportunity	We wish to expand access to our financial services for underserved people and groups in need of support such as small business or women; we consider this an important objective of our business	-	**Positive:** ▶ Enhanced goodwill among stakeholders ▶ Market expansion
7.	Corporate Governance and Ethics	Risk	Maintaining the highest standards of ethics and corporate governance is necessary to gain the trust of our Company's investors and customers. Any risks can undermine stakeholder trust, damage reputation and disrupt business.	Our Company has instituted various policies and measures to constitute a strong corporate governance frameworks per regulatory guidelines. We have in place a fair, transparent and accountable corporate governance structure across our hierarchy to safeguard the interests of all stakeholders. There is an effective mechanism, supported by strong policies to supervise the management and oversee the critical functions of the Company. An effective grievance redressal mechanism for customers to address their concerns is also integrated into our Company's policies.	**Negative:** ▶ Reputational risks ▶ Image/perception of the institution
8.	Regulatory compliance	Risk and Opportunity	Compliance to rules and regulations helps us gain confidence of stakeholders and grow responsibly.	We ensure that there are no delays or discrepancies in complying with applicable regulations. A dedicated team of qualified people has been set up to ensure efficient and timely compliance with all regulations applicable to our Company.	**Positive:** ▶ Transparent and well governed organisation
9.	Customer satisfaction	Opportunity	Identification and fulfilment of customer needs and expectations is essential for their retention and loyalty thereby contributing to increased revenues	-	**Positive:** ▶ Increase in repeat customer business ▶ Improvement in market share ▶ Better asset quality

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
10.	Employment Practices	Opportunity	Fair recruitment, hiring processes and efforts to build a congenial work environment through structured training/ performance appraisal helps us in employee retention	-	**Positive:** ▸ Better employee retention ▸ Improvement in productivity
11.	Engagement with Business Partners	Opportunity	Using an ESG lens to identify and associate with business partners, will help us create sustained value in the long run	-	**Positive:** ▸ Expanded channel to business ▸ Higher growth
12.	Digitalization	Opportunity	Strategic partnerships with fintechs, along with strong in-house digital capabilities have allowed us to expand customer base significantly and serve niche segments, because digitalization drives innovation in traditional offerings.	-	**Positive:** ▸ Seamless business operation at lower cost ▸ Improved turnover around time
13.	Community development	Risk and Opportunity	Our contribution to health, education, livelihood and poverty alleviation is critical to maintaining our social license to operate and to create wider prosperity	-	**Positive:** ▸ Improved image, reputation and goodwill ▸ Support community livelihood
14.	Climate change	Risk and Opportunity	Mitigating climate risks provides opportunities for efficiency, innovation and growth; our Company seeks to reduce carbon footprint in its everyday operations. Climate change has emerged as a significant risk for business.	Our Company has instituted an ESG policy to incorporate ESG factors into its strategy and operations, risk management and governance process and lending portfolio. The ESG policy also aims to communicate our Company's approach of ESG integration to the stakeholders. We continue to identify and act on opportunities to reduce environmental footprint.	**Negative** ▸ Significant risks ▸ Physical and transition risks. **Positive** ▸ Drives better risk management and value creation
15.	Employee health and wellness	Opportunity	Investing in employee health and wellness is essential for enhancing productivity and also ensures their retention and overall job satisfaction	-	**Positive:** ▸ Enhanced loyalty and engagement among employees ▸ Increase in productivity
16.	Resource management	Opportunity	Our focus lies on achieving resource efficiency in terms of energy, water, paper and e-waste, since we do not have any other significant environmental impact	-	**Positive:** ▸ Lower cost and higher productivity ▸ Better resource utilization

SECTION B MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below

P1	BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE
P2	BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE
P3	BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS
P4	BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS
P5	BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS
P6	BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT
P7	BUSINESSES WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT
P8	BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT
P9	BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

✓ Yes ✗ No

Disclosure questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	✓	✓	✓	✓	✓	✓	✓	✓	✓
b. Has the policy been approved by the Board?	✓	✓	✓	✓	✓	✓	✓	✓	✓
c. Web link of the policies.	https://www.iifl.com/finance/investor-relations/corporate-governance?redirect=menu-bar The above URL contains the general policies of the Company that apply to all employees and stakeholders. These policies cover various aspects of our organization's vision, mission, values, ethics, compliance and governance. In addition to these general policies, there are also specific policies related to different functions and roles within the Company. These policies are accessible to the relevant employees through our intranet portal. The Human Resource department may be contacted for any questions or concerns about these policies.								
2. Whether the entity has translated the policy into procedures. (Yes / No)	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Name of the national and international codes/certifications/labels/standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity.	All policies of our Company have been finalized based on industry practices, as per the regulatory requirements and through appropriate consultation with relevant stakeholders. We have engaged with an independent third party vendor to benchmark our policies with latest regulations/industry benchmarks and update them, wherever needed.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Our Company acknowledges the significance of establishing targets to assess advancement towards achieving all the principles of the National Guidelines on Responsible Business Conduct (NGRBC). Considering that we are in our initial years of ESG adoption, we intend to specify our objectives and targets in the upcoming reporting period. We recognize the need to align our ESG efforts with our business goals and we are implementing a comprehensive and effective ESG strategy that ensures sustainability and creates long-term value for all our stakeholders.								
6. Performance of the entity against the specific commitments, goals and targets (Also, reasons in case they are not met)	-	-	-	-	-	-	-	-	-

Yes No

<table>
<tr><th>Disclosure questions</th><th>P 1</th><th>P 2</th><th>P 3</th><th>P 4</th><th>P 5</th><th>P 6</th><th>P 7</th><th>P 8</th><th>P 9</th></tr>
<tr><td colspan="10">Governance, leadership and oversight</td></tr>
<tr><td>7. Statement by the Director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements.
(Listed entity has flexibility regarding the placement of this disclosure)</td><td colspan="9">Dear Stakeholders,
In today's world, businesses have a critical role to play in creating a sustainable future. We, at IIFL, recognize the importance of ESG considerations and our commitment to them is reflected in our policies, practices and investments.
As such, we are in the process of developing targets that align with our values and business objectives.
We will keep our stakeholders informed of our progress and continue to work towards a sustainable future.
Thank you for your support and engagement in this journey.
Sincerely,
Mr. R Venkataraman
Joint Managing Director
DIN: 00011919
IIFL Finance Limited</td></tr>
<tr><td>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy.</td><td colspan="9">Mr. R Venkataraman
Joint Managing Director
DIN: 00011919</td></tr>
<tr><td>9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.</td><td colspan="9">Yes, the Company has an ESG Committee in place which comprises of the following members as on March 31, 2023
<table>
<tr><th>Sr No.</th><th>Name</th><th>Designation</th></tr>
<tr><td>1.</td><td>Ms. Geeta Mathur</td><td>Chairperson</td></tr>
<tr><td>2.</td><td>Mr. Arun Kumar Purwar</td><td>Member</td></tr>
<tr><td>3.</td><td>Mr. R Venkataraman</td><td>Member</td></tr>
<tr><td>4.</td><td>Mr. Nilesh Vikamsey</td><td>Member</td></tr>
<tr><td>5.</td><td>Ms. Madhu Jain</td><td>Member</td></tr>
<tr><td>6.</td><td>Mr. Sanjeev Srivastava</td><td>Member</td></tr>
<tr><td>7.</td><td>Mr. Kapish Jain</td><td>Member</td></tr>
<tr><td>8.</td><td>Ms. Sneha Patwardhan</td><td>Member</td></tr>
</table></td></tr>
</table>

10. Details of review of the National Guidelines on Responsible Business Conduct (NGRBC):

✓ Yes ⊗ No

Subject for review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee (P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9)	Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) (P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9)
Performance against above policies and follow up action	✓	Annually
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	✓	Annually

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency[1].	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No	No	No	No	No	No	No	No	No

[1] In the current financial year, we have not engaged any external agency to evaluate the effectiveness of our policies. However, we plan to initiate such an evaluation process from the next financial year onwards.

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is able to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C PRINCIPLE-WISE PERFORMANCE DISCLOSURE

Principle 1

Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable

Essential Indicators

1. **Percentage coverage by training and awareness programs on any of the principles during the financial year.**

Segment	Number of trainings programs held	Topics/Principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programs
BOARD OF DIRECTORS	1	ESG and BRSR	100%
KEY MANAGERIAL PERSONNEL	1	ESG and BRSR	100%
EMPLOYEES OTHER THAN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	1	ESG and BRSR	58%*
WORKERS	Not Applicable		

* *Employee awareness coverage is 100%; more than half of the employees have already completed it. The remaining employees are currently undergoing the training highlighting our commitment towards providing comprehensive and effective training to all employees.*

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings with regulators/ law enforcement agencies/ judicial institutions in the financial year:

Monetary					
	NGRBC principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

Non-Monetary					
	NGRBC principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)	
Imprisonment	-	-	-	-	-
Punishment	-	-	-	-	-

3. Of the instances disclosed above, details of the appeal/ revision preferred in cases where monetary or non-monetary action has been appealed:

CASE DETAILS	NAME OF THE REGULATORY/ENFORCEMENT AGENCIES/JUDICIAL INSTITUTIONS
No complaints in any of the 9 principles	

4. Anti-corruption/ Anti-bribery:

Does the entity have an anti-corruption or anti-bribery policy?

If yes, provide details in brief and if available, provide a web-link to the policy.

Yes

https://www.iifl.com/finance/anti-corruption-policy

Our Company has zero tolerance towards unethical business practices and prohibits bribery and corruption in any form in all of its business dealings through necessary policies and codes.

The policy applies to all staff including Directors, officers, shareholders of the Company and all appointed third party representatives of Company such as agents, consultants, others working on behalf of the Company irrespective of their location, function or grade.

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption**

	FY 23 (Current Financial Year)	FY 22 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	NA	NA

6. **Details of complaints regarding conflict of interest:**

	FY 23 (Current Financial Year)		FY 22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of conflict of interest of the KMPs	Nil	NA	Nil	NA

7. **Details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest:**

No issues, related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest, occurred in our Company.

Leadership Indicators

1. Awareness programs conducted for value chain partners on any of the principles during the financial year

Total number of awareness programs held	Topics / principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programs
2	ESG and BRSR	31%

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If yes, provide details of the same:

Yes

Our Company is committed to conducting its business in a responsible and sustainable manner and to that end, has implemented a robust policy that covers the management of conflict of interest involving the Board members. Our Company has processes for identifying, disclosing, and managing conflicts of interest and ensures that all decisions are made in the best interests of our stakeholders. At IIFL, we believe that conducting our business with integrity and transparency is essential to building long-term relationships and creating value for all our stakeholders.

Principle
2

Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:**

   In FY23, we spent ₹ 2.84 Crores towards capex which helped us move towards digitisation/automations. We continue to invest in improving our digital capabilities and platforms. This helps us in providing superior experience to our customers with enhanced convenience. At the same time our digitalization initiatives help us achieve cost rationlisation and reduce dependence on paper as well as in person meetings. This in turn helps us minimize our environmental footprint.

2. **Sustainable sourcing:**

Does the entity have procedures in place for sustainable sourcing? (Yes/No)	Our Company, being a financial services Company does not have any goods and raw material consumption as part of its products and services. Our Company's major material requirements are related to office infrastructure, administration and IT related equipment and services. Although, there is very limited procurement requirement, we take various initiatives to have responsible sourcing.
If yes, what percentage of inputs were sourced sustainably?	**Not Applicable.**

As a financial services Company, our Company recognizes the importance of sustainable practices beyond just the goods and raw materials used in our products and services. We are committed to minimizing the environmental impact of our operations, including our office infrastructure and IT-related equipment. We follow best practices for procuring such inputs, including seeking out environmentally friendly options, minimizing waste and promoting recycling and energy conservation. Our Company remains dedicated to promoting sustainable practices in all aspects of its operations.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste:**

PLASTICS (INCLUDING PACKAGING)

There are no single-use plastics being used across any of our branches and offices. We use 100% bio degradable plastic garbage bags to collect and dispose off dry and wet wastes.

E-WASTE

For the past 3 years, we have been working with reputed e-waste vendors to ensure safe disposal of e-wastes. Accordingly, all scrap electronic assets like Computers, Tablets, Printers, Scanners, Servers, etc. are disposed off through such registered e-waste vendors.

HAZARDOUS WASTE

Not applicable

OTHER WASTE

We have installed an (Organic Waste Convertor) OWC machine for recycling dry and wet wastes, which is then used as gardening manure at our Chennai office. Dry waste and wet waste is segregated and stored separately at Registered Office. Same is picked by Municipal authorities. We continue to explore feasibility of adopting such measures in other offices and branches.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No):**

Not applicable since our Company is not a manufacturing entity.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

***Not applicable* since the Company is not a manufacturing entity.**

Principle 3

Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators

1. Details of measures for the well-being of employees and workers:

a. Employees

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
PERMANENT EMPLOYEES											
Male	10,981	10,981	100%	NA	NA	NA	NA	173	2%	NA	0.00%
Female	3,956	3,956	100%	NA	NA	102	31%	NA	NA	2	0.10%
Total	**14,937**	**14,937**	**100%**	**NA**	**NA**	**102**	**31%**	**173**	**2%**	**2**	**0.10%**
OTHER THAN PERMANENT EMPLOYEES											
Male	86	NA	NA	86	100%	NA	NA	NA	NA	NA	NA
Female	13	NA	NA	13	100%	NA	NA	NA	NA	NA	NA
Total	**99**	**NA**	**NA**	**99**	**100%**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

**Maternity and Paternity benefits are extended to all female and male employees however, 3% of female employees and 2% of male employees have taken the benefit in FY 23.*

b. Workers

Our Company does not have any worker as defined in the guidance note of BRSR.

2. Details of retirement benefits, for Current and Previous Financial Year.

Benefits	FY 23 Current Financial Year			FY 22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	82%	NA	Y	86%	NA	Y
Gratuity	100%	NA	Y	100%	NA	Y
ESI	36%	NA	Y	44%	NA	Y
Others – please specify	0%	NA	NA	0%	NA	NA

All employees are covered under PF with monthly earnings less than ₹ 15,000/-, as per PF law, others can voluntarily opt for PF. Employees whose monthly earnings are less than ₹ 21,000/- are covered under ESI.

3. **Accessibility of workplaces:**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes. Wheelchairs and wheelchair ramps for handicapped employees are available at all commercial offices of the Company

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy?**

Yes. The code of conduct document can be referred, as the existing policy covers equal opportunities rights. The Company's code of conduct is available in the HR Handbook and can be accessed by all the employees through the intranet portal.

5. **Return to work and retention rates of permanent employees and workers that took parental leave:**

Return to work rate			Retention rate		
Male	Female	Total	Male	Female	Total
100%	90%	95%	100%	100%	100%

*The Company does not have any worker as defined in the guidance note of BRSR. (IIFL Finance is a BFSI company)

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief:**

Permanent employees	Other than Permanent employees

Yes/No
(If yes, then give details of the mechanism in brief)

Yes, there is a mechanism available to receive and redress grievances from the employees. Management strongly enforces compliance with the approved Code of Conduct and Ethics. Complaints related to fraud/unethical practices are appropriately investigated and relevant actions are undertaken. The reporting of misconducts can be done through the Whistle-Blower email, FIT helpline, contacting the senior management/ IRA / HR. The same are well displayed and communicated to all employees at joining and is published on intranet.

There are various means by which the grievances can be addressed:

i) E-mail to generic ID (employeegrievance@iifl.com)

ii) Raise grievance through the Adrenalin portal

iii) E-mail to IRA with a copy to local HR

Central SPOC directs the grievance e-mail to the zonal head of HR. A formal meeting is arranged with the employee, IRA and Skip level manager addresses the issue and validates the facts. At every stage the employee is kept informed and formal communication on the decision and the actions taken is sent to all the employees involved.

The entity has a robust Grievance Redressal policy in place for addressing grievances.

*The Company does not have any worker as defined in the guidance note of BRSR.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity

Our Company does not have any Employee Association. However, our Company recognizes the Right to freedom of Association and does not discourage collective bargaining.

8. Details of training given to employees and workers

Category	FY 23 Current Financial Year					FY 22 Previous Financial Year				
	Total (A)*	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures#		On skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
EMPLOYEES										
Male	11,570	43% (Total) trainings covered such as awareness session on women's health, work-life balance, nurturing relationship with yourself, detoxification: food, alcohol and social media		11,178	97%	11,414	-	NA	9,940	87%
Female	4,485			4,342	97%	4,291	-	NA	3,795	88%
Total	**16,055**			**15,520**	**97%**	**15,705**	**-**	**NA**	**13,735**	**87%**

$ Please note, training on health is covered for 100% of employees however, 43% employees voluntarily attended the same.

* The total number of employees includes all eligible employees during the year.

The Company has started capturing data with respect to health and safety from FY 2022-23.

9. Details of performance and career development reviews of employees and workers:

Category	FY 23 Current Financial Year			FY 22 Previous Financial Year		
	Total (A)*	No. (B)	% (B / A)	Total (C)	No. (D)	% (D /C)
EMPLOYEES						
Male	10,981	8,971	82%	11,063	7,454	67%
Female	3,956	3,343	85%	4,247	2,762	65%
Total	**14,937**	**12,314**	**82%**	**15,310**	**10,216**	**67%**

* Only permanent employees are eligible for performance and career development review.

10. Health and safety management system:

Yes. Our Company is responsible for providing its employees with a safe and healthy work environment. We have implemented the following steps to ensure the health and safety of our employees:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

1. Providing a safe work environment - Our Company's office premises are designed to promote safety and reduce the risk of accidents. This includes keeping the workspace clean, ensuring proper lighting and ventilation and addressing any potential safety hazards.
2. Training employees - Our Company provides regular training on safety practices, respond to emergencies like fire/earthquake emergency, etc. to our employees.
3. Offering ergonomic support - Our Company provides ergonomic support to employees who sit for long periods, work on computers, or perform other repetitive tasks. This includes providing ergonomic chairs, desks, and other equipment that can help reduce the risks of musculoskeletal disorders.
4. Encouraging healthy habits - Our Company encourages employees to adopt healthy habits such as taking breaks, staying hydrated, and practicing good posture to prevent fatigue and injury.
5. Creating a culture of safety - Our Company have created a culture of safety by encouraging employees to report any safety concerns or incidents and by providing resources and support to address these concerns.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	Given the nature of business, this is not directly applicable to our Company. However, regular safety inspections are conducted of our facilities and equipment to identify potential hazards. This includes inspecting electrical systems, machinery and emergency exits. Our Company also involves employees in the hazard identification and risk assessment process by encouraging them to report any safety concerns or hazards they identify. During the pandemic, our Company recognized the risks of infections that could take place on the office premises. To minimize these risks, necessary precautions were taken at the offices, which included sanitization of all office premises, restricted movements in common areas and avoidance of large gatherings. Our Company also adhered to all government directives and issued travel and health advisories to its employees and advised all its employees to work from home as required or on a rotational basis to ensure employee safety and business continuity.
c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)	Given the nature of the business, this is not directly applicable to our Company.
d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes. All employees of our Company are covered under health insurance and personal accident policy.

11. Details of safety related incidents

Not Applicable.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace:

The following steps have been taken to ensure a healthy and safe workplace:

1. **Providing a safe work environment** - *Our Company's office premises are designed to promote safety and reduce the risk of accidents. This includes keeping the workspace clean, ensuring proper lighting and ventilation and addressing any potential safety hazards.*

2. **Training employees** - *Our Company provides regular training on safety practices, including how to safely handle equipment and machinery, respond to emergencies like fire/earthquake, etc. to employees.*

3. **Offering ergonomic support** - *We provide ergonomic support to employees who sit for long periods, work on computers, or perform other repetitive tasks. This includes providing ergonomic chairs, desks, and other equipment that can help reduce the risks of musculoskeletal disorders.*

4. **Encouraging healthy habits** - *We encourage employees to adopt healthy habits such as taking breaks, staying hydrated, and practicing good posture to prevent fatigue and injury.*

5. **Creating a culture of safety** - *Our Company has created a culture of safety by encouraging employees to report any safety concerns or incidents and by providing resources and support to address these concerns.*

13. Number of complaints on the following made by employees:

	FY 23 Current Financial Year			FY 22 Previous Financial Year		
	Filed during the year	Pending resolution	Remarks	Filed during the year	Pending resolution	Remarks
Working conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health and Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

% of your plants and offices that were assessed
(By entity or statutory authorities or third parties)

Health and safety practices → **All our offices are internally assessed periodically through internal audits for various aspects of health and safety measures and related working conditions.**

During these assessments various aspects like emergency preparedness, workstation ergonomics, training on health and safety & documentation is evaluated. The Company proactively identifies any gaps or improvement areas in health and safety practices and working conditions. ← **Working conditions**

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions:

Not Applicable.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?

Employees	Yes
Workers	**Not Applicable.** Our Company does not have any worker as defined in the guidance note of BRSR.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners:

Our Company monitors remittance of statutory dues by value chain partners with periodic interactions. Various awareness programs and meetings are being arranged with value chain partners for the same.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment

Not Applicable

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable.

Principle 4

Businesses should respect the interests of and be responsive to all stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity:

Our Company looks at individuals and groups that make a fundamental impact on its operations and performance. If this impact results in value addition to the Company's business, then they are described as a key stakeholder. They play an important role in helping our Company determine the goals, aspirations and in helping gauge the Company's progress towards these goals.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Group	Whether identified as vulnerable & marginalized group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	Some of our customers are identified as vulnerable and marginalized.	• Emails • Calls • SMS • WhatsApp • Website • Branch and relationship managers	Ongoing and Regular	• Business performance • Customized financial products and services • Competitive interest rates • Access to physical and digital channels • Seamless customer service • Secure transactions • Fair and responsive grievance redressal mechanism
Shareholders/ Investors	No	• Investor meets • Calls • SMS • Email • Website	Annually and Quarterly	• Ethical business practices and good corporate governance • Regular dividends • Sustainable performance and value creation • ESG integration into strategy and operations • Transparent reporting and disclosure

Group	Whether identified as vulnerable & marginalized group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	• Town halls • Email • SMS • One-on-One meetings	Quarterly and as and when required	• Training and development • Fair and timely remuneration • Reward, recognition, and appreciation for performance • Diverse, open, non-discriminatory and safe working environment. • Work-life balance
Communities/ NGO	Yes	• Community meetings	Annually and as and when required	• Social upliftment • Enhancing financial literacy • Community welfare initiatives
Government/ Regulators	No	• Email • Meetings • One-on-One meetings	Mandatory regulatory filings. Periodical submission of business performance.	• Compliance with laws and regulations • Ethical business • Active participation in industry and regulatory working groups
Business partners/ Suppliers	Some of our business partners/ suppliers are identified as vulnerable and marginalized.	• Email • SMS • Meetings • Seminars and workshops	Quarterly and as and when required	• Business performance • Fair and ethical procurement & engagement practices

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board:**

   Our Company firmly believes in consistent engagement with its key stakeholders to ensure better communication of its performance and strategy. The Board of Directors is periodically updated on diverse topics covering specific sector overviews, customer service-related updates, digital initiatives, Corporate Social Responsibility related projects/ initiatives, financial performance, strategy, etc.

   The Directors are also given an overview of the regulatory regime including material regulatory developments, circulars, and amendments by Government and Regulatory bodies, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, the Ministry of Finance, and the Reserve Bank of India.

   The following process is followed for consultation between stakeholders and the board

Define scope → Develop consultation plan → Stakeholder communication → Capture and analyze feedback → Provide feedback → Follow up → Evaluation

Defining the scope of consultation	The scope is clearly defined including the topics to be covered, the timeframe for the consultation and the method that will be used to gather feedback.
Developing a consultation plan	A consultation plan is developed that outlines the methods that will be used to engage stakeholders, such as public meetings, online surveys, focus groups or individual interviews.
Communication with stakeholders	It is ensured that the stakeholders are aware of the consultation process and have the opportunity to provide feedback. This includes developing an information package, hosting public meetings or webinars and conducting one-on-one meetings with key stakeholders.
Feedback capturing and analysis	The feedback is gathered and analyzed to identify common themes, concerns and priorities, which are then used in the decision-making process.
Providing feedback to stakeholders	Feedback is also provided to stakeholders on how their input has been used in the decision-making process. This helps us to build trust and transparency and encourage future engagement.

Follow-up	After decisions are made, stakeholders are informed of the decision and any next steps.
Evaluation	The consultation process is reviewed and evaluated in a periodic manner to identify areas for improvement.

The objective is to ensure that the process is transparent, inclusive, and responsive to stakeholder input.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity:

Yes

Our Company's continual engagement with its stakeholders serves to ensure that every stakeholder is satisfied with our Company's performance and conduct, a goal closely aligned with company's responsibilities to society and the environment. We interact with various investors and analysts to understand their expectations and incorporating the same in our sustainability framework. This approach has resulted in various initiatives being put in place towards responsible lending, economic growth, equal opportunity, diversity and inclusion policy, data privacy policy, environmental impact and sustainability risk.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups:

Our Company under its CSR Policy and through India Infoline Foundation undertakes following activities - literacy centers for out of schoolgirls in the tribal hamlets of Rajasthan, creche & learning centre for children of migrant construction workers, financial literacy & inclusion centre for women in East and North-Eastern states, support to government schools for development of infrastructure and digital learning platform, medical camps for economically weaker section in Uttar Pradesh and Maharashtra, Machinery support to government hospital, disaster relief activity & water conservation initiative, livestock development program and also supported a private school who runs school for differently abled students. IIFL Foundation also contributed to PM Cares and extended help to hospitals to fight against Covid-19 crisis in India.

Principle 5

Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format**

Category	FY 23 Current Financial Year			FY 22 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	14,937	10,425	70%	15,830	14,450	91%
Other than permanent	99	47	47%	102	81	79%
Total Employees	**15,036**	**10,472**	**70%**	**15,932**	**14,531**	**91%**

**The Company does not have any worker as defined in the guidance note of BRSR.*

2. **Details of minimum wages paid to employees and workers**

Category	FY 23 Current Financial Year					FY 22 Previous Financial Year				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	10,981	8,275	75%	2,706	25%	11,063	8,193	74%	2,864	26%
Female	3,956	3,277	83%	679	17%	4,247	3,480	82%	767	18%
Other than permanent										
Male	86	0	0%	86	100%	95	0	0%	95	100%
Female	13	0	0%	13	100%	17	0	0%	17	100%

**The Company does not have any worker as defined in the guidance note of BRSR.*

3. Details of remuneration/salary/wages

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹ in Crore)	Number	Median remuneration/ salary/ wages of respective category (₹ in Crore)
Board of Directors (BOD)#	1	11.09	0	0
Key Managerial Personnel$	1	1.50	1	0.56
Employees other than BoD and KMP	11,064	0.03	3,968	0.03
Workers	NA	NA	NA	NA

*The Company does not have any worker as defined in the guidance note of BRSR.

#Remuneration of Mr. R Venkataraman for FY 2022-23 is paid by another group Company i.e. IIFL Securities Limited.

$ Excludes 1 Key Managerial Personnel already mentioned in Board of Directors.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)	Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues:	As an employee centric entity, employees are encouraged to come forward and report their grievances or any other concerns affecting the entity (company values and culture) or its employees. There are various means by which the grievances can be addressed: **i) E-mail to generic ID (employeegrievance@iifl.com)** **ii) Raise grievance through Adrenalin portal** **iii) E-mail to IRA with copy to local HR**

6. Number of complaints on the following made by employees and workers

	FY 23 Current Financial Year			FY 22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year*	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	12	2	Nil	3	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour / Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

*Complaints pending as on March 31, 2023, were subsequently resolved.

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

Our Company has implemented policies like Employee Grievance Redressal Policy and POSH to prevent discrimination and harassment cases, which outlines unacceptable behavior and the consequences for violating the policies. These are communicated to all the employees and regular training is provided to ensure everyone understands the policies and knows how to report any incidents.

The organization encourages employees to report any incidents of discrimination or harassment without any fear of retaliation. Employees have been made aware of the reporting mechanisms available to them, such as the hotline and internal grievance redressal committee.

The organization promptly investigates all reported incidents of discrimination or harassment. The investigations are conducted in a fair and impartial manner, and all parties involved are given the opportunity to present their side of the story. If an incident of discrimination or harassment is found to have occurred, the organization takes appropriate action based on the severity of the incident and the policy violation. This includes disciplinary action such as suspension or termination of employment and providing support to the victim.

A whistleblower policy is in place where an employee can raise a complaint anonymously. Throughout the investigation it is ensured that the complainant's ID is not disclosed. It is ensured that each complaint raised is proactively investigated and resolved quickly.

Our Company has developed a work environment that is respectful, supportive, and inclusive, by providing regular training on diversity and inclusion, promoting a culture of respect and providing support to employees who may have experienced discrimination or harassment.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, Our Company ensures its code of conduct / human rights requirements are a part of the vendor agreements, wherever relevant.

9. Assessments for the year:

The Company recognizes its responsibility to respect and protect human rights and is committed to promoting a workplace that is free from any form of human rights violations.We closely monitor and evaluate our operations to ensure compliance with relevant regulations and guidelines, particularly on issues such as child labour, forced labour, sexual harassment, discrimination, and wages. Although our Company does not have standard operating procedures (SOPs) specifically for these issues, we follow best practices and take appropriate measures to address any violations that may arise. This includes providing training programs to our employees to promote awareness of human rights issues and ensure compliance with applicable laws and regulations. By prioritizing the protection of human rights, the Company is creating a sustainable business that is committed to upholding ethical standards and promoting the well-being of its employees and stakeholders.

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Questions 9 above.

No corrective actions pertaining to Question 9 was necessitated by the Company during FY 2022 -23.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints:	Our Company has not received any grievances/ complaints regarding human rights violations in F.Y. 2022-23.
2. Details of the scope and coverage of any human rights due diligence conducted:	Great Place to work surveys are conducted every year. In the survey, questions related to human rights are touched upon. Based on this, yearly reports are published.
3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?	Yes. The office premises of the entity is accessible to differently abled visitors. Wheelchairs and wheelchair ramps for handicapped employees / customers are available at all locations.

4. Details on assessment of value chain partners

- Child labour
- Forced | Involuntary labour
- Sexual harassment
- Discrimination at workplace
- Wages
- Others – please specify

% of value chain partners (by value of business done with such partners) that were assessed

Our Company expects and strives to influence its value chain partners to adhere to the same values, principles and business ethics upheld by the Company in all their dealings and services.

No specific assessment in respect of value chain partners has been carried out, other than certain elements covered in annual review of value chain partners by the Company and its subsidiaries.

All the value chain partners are mandated through declaration to adhere to the Code of Conduct principles of the Company. Contract is not renewed or terminated, in case of non-adherence to COC or Contract Terms & Conditions.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above:

No corrective actions pertaining to question 4 was necessitated by the Company during FY 2022 -23.

Principle
6

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity:**

FY 23 (Current Financial Year)	Parameter	FY 22 (Previous Financial Year)
65,045	Total electricity consumption (A)	43,728
-	Total fuel consumption (B)	-
-	Energy consumption through other sources (C)	-
65,045	Total energy consumption (A+B+C)	43,728
0.00000160	Energy intensity per rupee of turnover *(Total energy consumption/ turnover in rupees)*	0.00000107
16.03	Energy intensity (optional) – the relevant metric may be selected by the entity	10.72

Any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any**

Not Applicable.

3. **Details of disclosures related to water**

Parameter	FY 23 (Current Financial Year)	FY 22 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	-	-
(ii) Groundwater	25,210	14,277
(iii) Third party water	36,957	27,453
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	**62,167**	**41,730**
Total volume of water consumption (in kiloliters)	**54,955**	**41,730**
Water intensity per rupee of turnover (Water consumed / turnover)	0.000001532	0.000001023
Water intensity (optional) – the relevant metric may be selected by the entity	15.32	10.23

Any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

If yes, name of the external agency

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation:	No, being a financial services company, our Company does not consume or discharge huge amount of water/liquid products.
5. Details of air emissions (other than GHG emissions) by the entity	Not Applicable. The Company is a financial services Company.

Any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

If yes, name of the external agency

No

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Unit	FY 23 (Current Financial Year)	FY 22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	NA	NA
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	12,919	8,685
Total Scope 1 and Scope 2 emissions per rupee of turnover	MTCO2e/INR	0.00000032	0.00000021
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	MTCO2e/INR Crore	3.183	2.129

Any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

If yes, name of the external agency

No.

7. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details:**
   - Received Gold LEED Certificate for Gurugram office
   - Registered office building is equipped with rainwater harvesting system and recycled wastewater is reused as flush water and in watering plants
   - Treatment of e-waste in environment friendly manner
   - Drive digitalization and reduce paper consumption
   - Adopted renewable energy in our Hubtown office, Mumbai through Tata Green Tariff scheme.

8. **Details related to waste management by the entity:**

Parameter	FY 23 (Current Financial Year)	FY 22 (Previous Financial Year)
Total Waste generated (in metric tons)		
Plastic waste (A)	-	-
E-waste (B)	1.08	5.61
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any.	-	-
(Break-up by composition i.e., by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G + H)	**1.08**	**5.61**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)		
Category of waste	**FY 23 (Current Financial Year)**	**FY 22 (Previous Financial Year)**
(i) Recycled	1.08	1.08
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**1.08**	**1.08**

Any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

If yes, name of the external agency

No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes:	Our Company takes a holistic approach to waste management. Waste from electronic and paper products is the major waste generated in the facilities owned by our Company. We have begun to cut down on paper usage as a result of digitization of our operations/services. We have been recycling electronic waste through authorized vendors of e-waste. Our Company has been taking conscious efforts to reduce usage of paper across its operations. Measures have been implemented to this effect, such as access based printing, default printing on both sides of the paper across all our offices. Employees are encouraged to adopt digital/online mediums to reduce paper consumption. 100% bio-degradable plastic garbage bags are used to collect dry and wet waste.
10. If the entity has operations/offices in/ around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:	Not Applicable, all the offices are in commercial areas.
11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:	Not Applicable
12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances:	Yes. The Company is compliant with all applicable Laws, Rules and Regulations.

Leadership Indicators

1. **Break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources:**

Parameter	FY 23 (Current Financial Year)	FY 22 (Previous Financial Year)
From non-renewable sources		
Total electricity consumption (D)	61,887	44,870
Total fuel consumption (E)	-	-
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	**61,887**	**44,870**

Any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency
No.

2. **Provide the following details related to water discharged**

Parameter	FY 23 (Current Financial Year)	FY 22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kiloliters)		
(i) Surface water		
-No treatment	-	-
With treatment – please specify level of treatment	-	-
(ii) Groundwater		
-No treatment	-	-
With treatment – please specify level of treatment	-	-
(iii) Third party water		
-No treatment	-	-
With treatment – please specify level of treatment	-	-
(iv) Seawater / desalinated water		
-No treatment	-	-
With treatment – please specify level of treatment	-	-
(v) Others		
-No treatment	-	-
With treatment – please specify level of treatment	-	-
Total water discharged (in kiloliters)		

Any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

If yes, name of the external agency

No

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities:	Not Applicable
4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives:	The Company has not undertaken any of the above mentioned initiatives in FY 2022-23.
5. Does the entity have a business continuity and disaster management plan?	Our Company has implemented Business Continuity Policy (BCP) wherein critical processes and other enablers have been identified and appropriate recovery plans have been put in place for such critical processes to ensure timely recovery of the Company's operations and services in the event of a crisis. BCP Framework ensures continuity of critical processes to extend essential services to the customers. Regular mock tests are carried out to ascertain BCP preparedness.
6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?	Not Applicable, the Company being a financial services entity.
7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:	Not Applicable

Principle 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. Affiliation with trade and industry chambers/ associations.

a. Number of affiliations with trade and industry chambers/ associations. 6

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Finance Industry Development Council (FIDC)	National
2	Associated Chambers of Commerce and Industry of India (ASSOCHAM)	National
3	Federation of Indian Chambers of Commerce and Industry (FICCI)	National
4	Microfinance Institutions Network (MFIN)	National
5	Association of Karnataka Microfinance Institutions (AKMI)	State
6	Sa-dhan (The Association of Community Development Finance Institutions)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Nil. No issues related to anti-competitive conduct by the Company, based on adverse orders from regulatory authorities.		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
Nil					

Principle 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year**

   Impact assessment of our 'Sakhiyon ki Baadi' initiative was undertaken by an Independent Agency for FY 2022-23.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format**

   Not Applicable

3. **Describe the mechanisms to receive and redress grievances of the community.**

   Yes the Company has in place grievances redressal mechanism the same can be accessed through https://storage.googleapis.com/iifl-finance-storage/files/2023-07/CSR%20policy_IIFL%20Finance.pdf

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

83%	98%
Directly sourced from MSMEs/ small producers	Sourced directly from within the district and neighboring districts

Leadership Indicators

1. **Details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 8(1) of Essential Indicators above)**

   Not Applicable

2. **Information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies**

State	Aspirational District	Amount spent (In ₹)
Jammu and Kashmir	Kupwara*	14,08,000

*Training on Hospitality and Chef Trade at Kupwara, an Aspirational District in Kashmir.

3. Information related to procurement

a.	**Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**	Given the nature of business of the Company, the sourcing needs of our Company are limited. However, the CSR policy of the Company provides for preferential procurement of materials from suppliers identified under vulnerable and marginalized groups, while implementing its projects through IIFL Foundation.
b.	**From which marginalized /vulnerable groups do you procure?**	Vendors suppliers that fall in the Scheduled Caste and Scheduled Tribe Communities.
c.	**What percentage of total procurement (by value) does it constitute?**	12% of total procurement.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

Not Applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:

Not Applicable.

6. Details of beneficiaries of CSR projects

S. No.	CSR project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1	Sakhiyon ki Baadi	17,360	95%
2	Development at Government Hospital	60,000	100%
3	Phulwari (Maa Bari)	900	100%
4	Development at Government School	500	90%
5	101 Sewing Machines donated to women entreprenurs	101	90%
6	Drone for Agriculture (Agridrone)	500	100%
7	Raincoats for Mumbai Police	60	100%
8	Urban Forest	8,000	10%
9	Smart Shaala	10,652	90%
10	Sesame Community Radio	2,000	60%
11	Medical Camp	6,750	100%
12	Medical Camp	2,000	100%
13	Ambulance – Community Health Centre	720	100%
14	Ophthalmic Surgery Ward – Community Health Centre	300	100%
15	Training for women – Beauty Parlour	1	100%
16	Digital Shaala	5,000	90%
17	Flood Relief	100	60%
18	Construction of Assembly Hall & Sanitation facility – Government Senior Secondary School, Madar.	500	90%
19	Training – Hospitality & Chef Trade, at an aspirational district in Kashmir	180	100%
20	Maintenance of a public place - Garden	2,000	0%
21	Medical relief work – Lumpy cow disease (Veterinary)	1,000	60%
22	Smart Board at Government School	300	90%
23	Glocalbodh - Capacity building of NGOs/Trusts	250	20%
	Total	**1,19,274**	

Principle 9

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Our Company's grievance redressal policy is aimed to receiving and responding to consumer complaints and feedback in a timely and effective manner. The mechanism for the grievance redressal policy includes the following steps:

a. Receipt of complaint: We provide various channels for receiving complaints from its customers, such as email, phone and a dedicated customer grievance portal.

b. Complaint acknowledgement: Upon receipt of the complaint, we acknowledge the complaint promptly and provide the customer with a unique reference number for future reference.

c. Investigation: We investigate the complaint and gather all the relevant information from our systems and employees. This includes checking if the complaint is genuine or not, and if there is any fault on our Company's side.

d. Resolution: Our Company resolves the complaint as soon as possible and informs the customer of the resolution. The resolution may include, but not limited to, an apology, refund, replacement or compensation.

e. Escalation: In case the complaint remains unresolved or the customer is not satisfied with the resolution, the complaint can be escalated to the next level of management. Our Company provides a dedicated escalation matrix for this purpose.

f. Closure: Upon resolution of the complaint, we close the complaint and update our records.

g. Feedback: After the complaint is resolved, we seek feedback from the customer to understand their satisfaction level and identify areas for improvement.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints

	FY 23 (Current Financial Year)		Remarks	FY 22 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year*		Received during the year	Pending resolution at end of year	
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	0	0	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Other	10,213	50	-	3,370	12	-

*Complaints pending as on March 31, 2023, were subsequently resolved.

4. Details of instances of product recalls on account of safety issues

Not Applicable since the Company is a BFSI Company.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the policy is accessible to the employees through the Company's intranet portal.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

There are no incidents reported related to cyber security and data privacy in FY 2022-23.

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**	Information relating to all the loan products and services provided by the entity are available on the Company's website. In addition, the entity actively uses various social media and digital platforms to disseminate information on its loans and deposits. Link of website: http://www.iifl.com
2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**	Terms and Conditions provides extensive information and ensures transparency on lending products. Policies related to Code of Conduct, Data Security, Fair practices, etc. are available on the Company's website. All relevant information regarding the entity and its products are available to the public.
3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**	Our Company has implemented Business Continuity Policy (BCP) wherein critical processes and other enablers have been identified and appropriate recovery plans have been put in place for such critical processes to ensure timely recovery of the entity's operations and services in the event of a crisis. BCP Framework ensures continuity of critical processes to extend essential services to the customers. Regular mock tests are carried out to ascertain BCP preparedness.
4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**	Not Applicable. The Company is a financial sector entity.

5. **Information related to data breaches**
   a. **Number of instances of data breaches along-with impact**
   b. **Percentage of data breaches involving personally identifiable information of customers**

There were no data breaches in the Company during FY 2022-23.

INDEPENDENT AUDITOR'S REPORT

To the Members of IIFL Finance Limited

Report on the Audit of the Standalone Ind AS financial statements

OPINION

We have audited the standalone Ind AS financial statements of IIFL Finance Limited, which comprise Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr.no	Key Audit Matter	Response to Key Audit Matter
1	**Information technology (IT) systems used in financial reporting process.** The Company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. We therefore identified IT systems and controls over financial reporting as a key audit matter for the Company.	We obtained an understanding of the Company's IT control environment relevant to the audit. We tested the design, implementation and operating effectiveness of the Company's General IT controls over the key IT systems which are critical to financial reporting. We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements. In addition to above, we have also relied on the work of the internal auditors and system auditors.
2	**Impairment of Financial Assets held at amortised cost:** Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in Indian Accounting Standard (Ind AS) 109 and the management estimation of the related impairment provisions, this is considered to be a key audit matter.	We evaluated appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our understanding of the business. We assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr.no	Key Audit Matter	Response to Key Audit Matter
	The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Refer Note 37A.3 to the Financial Statements.	We evaluated management's controls over collation of relevant information used for determining estimates for management overlays. We tested review controls over measurement of impairment allowances and disclosures in financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion and Analysis report but does not include the financial statements and our auditor's report thereon. The Director's report and Management Discussion and Analysis report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the Director's report and Management Discussion and Analysis report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards specified under Sec 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

INDEPENDENT AUDITOR'S REPORT (Contd.)

and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the financial statements.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose or preparation of the financial statements.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

INDEPENDENT AUDITOR'S REPORT (Contd.)

e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

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

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note No 38 of the financial statements.

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

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

iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) In our opinion and based on the audit procedures, we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared or paid during the year by the Company is in compliance with section 123 of the Companies Act, 2013.

vi. Proviso to Rule 3(1) of Companies (Accounts) Rule, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **V Sankar Aiyar & Co.** Chartered Accountants (FRN: 109208W)	For **Chhajed & Doshi** Chartered Accountants (FRN: 101794W)
G. Sankar Partner M. No.046050	**M. P. Chhajed** Partner M. No. 049357
Place: Mumbai Date: April 26, 2023 UDIN: 23046050BGTZVA5233	Place: Mumbai Date: April 26, 2023 UDIN: 23049357BGSK6852

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in our report of even date to the members of IIFL Finance Limited on the accounts for the year ended March 31, 2023.

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

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of Property, Plant and Equipment to cover all the items at major locations in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Based on the information and explanation given to us and on verification of the records of the Company, the physical verification was conducted during the financial year 2020-21 and no material discrepancies were observed on such verification.

(c) According to the information and explanations given to us and based on verification of records provided to us, we report that, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) As per the information and explanation provided to us no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

3(ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the order is not applicable.

(b) The Company has been sanctioned working capital limits in excess of five Crores rupees, in aggregate from banks or financial institutions on the basis of security of current assets namely financial asset. Based on our verification, the quarterly statements filed by the Company with such banks and financial institutions are in agreement with the books of account of the Company.

3(iii) (a) The Company being a Non-Banking Finance Company, the provisions of clause 3(iii)(a) are not applicable to the Company.

(b) According to the information and explanations given to us and based on the verification of the records and in our opinion the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in nature of loans and guarantees provided are not prejudicial to the Company's interest.

(c) The Company being a Non-banking Finance Company is in the business of granting loans and advances which are in the nature of loans. The schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular except accounts which are overdue are classified as special mention accounts or non-performing assets as per RBI norms.

(d) The total amount overdue for more than ninety days is ₹ 43.78 crores with respect to 61, 207 borrowers. Based on the information and explanations given to us and in our opinion reasonable steps have been taken by the Company for recovery of principal and interest.

(e) The Company being a Non-Banking Finance Company, the provisions of clause 3(iii)(e) are not applicable to the Company.

(f) As per the information and explanation made available to us and in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

3(iv) The Company is a registered Non-Banking Finance Company to which the provisions of Sections 185 and 186 of the Companies Act, 2013, are not applicable, and hence reporting under clause (iv) of CARO 2020 is not applicable.

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

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

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

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

There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2023, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit of disputed dues of sales tax or duty of customs or duty of excise. According to the information and explanations given to us, the following dues of income tax, service tax and Goods and service tax have not been deposited by the Company on account of dispute as at March 31, 2023.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (₹ in Crores)	Amount Deposited under protest (₹ in Crores)
Income Tax Act, 1961	Income Tax	Bombay High Court	AY 2008-09	-	2.25
Income Tax Act, 1961	Income Tax	Bombay High Court	AY 2009-10	-	2.08
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2010-11	2.19	4.06
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2011-12	2.54	1.48
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2012-13	8.03	4.19
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2013-14	0.96	4.26
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2016-17	6.14	1.54
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2017-18	3.85	10.29
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2018-19	0.82	8.53
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2020-21	-	10.13
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2021-22	-	17.80
Income Tax Act, 1961	Income Tax	ITAT	AY 2012-13	8.90	-
Income Tax Act, 1961	Income Tax	ITAT	AY 2013-14	-	0.38
Income Tax Act, 1961	Income Tax	ITAT	AY 2014-15	-	0.50
Income Tax Act, 1961	Income Tax	ITAT	AY 2016-17	-	1.39
The Finance Act, 1994	Service tax	Adjudicating Authority	Apr 2007 to March 2012	0.25	0.004
The Finance Act, 1994	Service tax	CESTAT Mumbai	April 2007 to May 13, 2008	13.71	0.22
The Finance Act, 1994	Service tax	CESTAT Mumbai	July 2012 to March 2014	16.70	0.34
The Finance Act, 1994	Service tax	CESTAT Mumbai	July 2012 to March 2014	49.26	1.33
Goods and Service tax Act	GST	GST Appeal Andhra Pradesh	July 01, 2017 to March 31, 2019	0.43	0.02
Goods and Service tax Act	GST	GST Appeal Mumbai	July 01, 2017 to March 31, 2018	0.14	0.01
Goods and Service tax Act	GST	GST Appeal Karnataka	Upto September 2019	0.20	0.01

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

3(viii) As per the information and explanation provided to us and as represented to us, there were no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

3(ix) (a) According to the information and explanation given to us and based on our audit procedures, the Company has not defaulted in repayment of loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations provided to us, the Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations and records provided to us the term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations provided to us, in our opinion the funds raised on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations provided to us and on examination of records, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

3(x) (a) According to the information and explanations given to us and in our opinion, money raised by way of initial public offer or further public offer (including debt instruments) have been applied by the Company during the year for the purposes for which they were raised.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally convertible) during the year and hence reporting under clause (xiv) of CARO 2020 is not applicable to the Company. In case of shares issued to the employees under Employee Option scheme the requirements of section 62 or the companies act have been complied with and the funds raised have been used for the purposes for which funds were raised.

3(xi) (a) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, there have been instances of fraud on the Company, during the course of business operation amounting to ₹ 4.24 crores. No fraud by the Company has been noticed or reported during the year. We have not been informed of any such case by the management.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year, while determining the nature, timing, and extent of our audit procedures.

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

3(xiii) According to the information and explanations given to us and in our opinion, all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

3(xiv)(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

3(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

3(xvi)(a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

(b) The Company has carried on the business of Non-Banking Financial activities with valid Certificate

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

of Registration (CoR) obtained from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is a not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and accordingly reporting under clause 3(xvi)(c) of the Order is not applicable.

(d) In our opinion, there is no core investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

3(xvii)The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

3(xviii)There has been no resignation of the statutory auditors of the Company during the year.

3(xix)On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

3(xx)According to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable for the year.

For **V Sankar Aiyar & Co.**	For **Chhajed & Doshi**
Chartered Accountants	Chartered Accountants
(FRN: 109208W)	(FRN: 101794W)
G. Sankar	**M. P. Chhajed**
Partner	Partner
M. No.046050	M. No. 049357
Place: Mumbai	Place: Mumbai
Date: April 26, 2023	Date: April 26, 2023
UDIN: 23046050BGTZVA5233	UDIN: 23049357BGSK6852

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

Annexure referred to in our report of even date to the members of IIFL Finance Limited on the standalone accounts for the year ended March 31, 2023

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

We have audited the internal financial controls over financial reporting of IIFL Finance Limited ("the Company") as of March 31, 2023, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal

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

financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **V Sankar Aiyar & Co.**	For **Chhajed & Doshi**
Chartered Accountants	Chartered Accountants
(FRN: 109208W)	(FRN: 101794W)
G. Sankar	**M. P. Chhajed**
Partner	Partner
M. No.046050	M. No. 049357
Place: Mumbai	Place: Mumbai
Date: April 26, 2023	Date: April 26, 2023
UDIN: 23046050BGTZA5233	UDIN: 23049357BGSK6852

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2023

(₹ in Crores)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
[1] Financial assets			
(a) Cash and cash equivalents	4	1,762.39	4,356.94
(b) Bank balance other than (a) above	5	1,407.07	1,251.87
(c) Derivative financial instruments	6	172.37	64.41
(d) Receivables			
(i) Trade receivables	7	66.51	140.54
(ii) Other receivables	7	151.96	15.80
(e) Loans	8	14,549.34	12,884.05
(f) Investments	9	3,779.69	2,448.85
(g) Other financial assets	10	867.02	518.82
		22,756.35	**21,681.28**
[2] Non-financial assets			
(a) Current tax assets (net)		225.77	227.02
(b) Deferred tax assets (net)	11	31.80	158.50
(c) Investment property	12	293.70	288.51
(d) Property, plant and equipment	13	147.79	134.82
(e) Capital work-in-progress	14	27.40	5.64
(f) Right to use assets	15	328.23	297.25
(g) Other intangible assets	16	2.95	1.92
(h) Other non-financial assets	17	260.50	333.72
(i) Assets held for sale	18	7.85	7.84
		1,325.99	**1,455.22**
Total Assets		**24,082.34**	**23,136.50**
Liabilities And Equity			
Liabilities			
[1] Financial liabilities			
(a) Derivative financial instruments	6	33.14	149.46
(b) Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	19	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	133.38	86.17
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	-	9.91
(c) Finance lease obligation	15	352.22	327.62
(d) Debt securities	20	5,194.09	5,105.28
(e) Borrowings (other than debt securities)	21	10,526.89	9,771.07
(f) Subordinated liabilities	22	1,659.51	1,369.64
(g) Other financial liabilities	23	894.33	1,784.73
		18,793.56	**18,603.88**
[2] Non-financial liabilities			
(a) Current tax liabilities (net)		29.63	18.44
(b) Provisions	24	51.26	41.38
(c) Other non-financial liabilities	25	92.98	45.90
		173.87	**105.72**
Total Liabilities		**18,967.43**	**18,709.60**
[3] Equity			
(a) Equity share capital	26	76.09	75.92
(b) Other equity	26.1	5,038.82	4,350.98
		5,114.91	**4,426.90**
Total Liabilities and Equity		**24,082.34**	**23,136.50**
See accompanying notes forming part of the financial statements	1 - 61		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. Chhajed
Partner
Membership No. 049357

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

Arun Kumar Purwar
Chairman & Independent Director
DIN : 00026383

Nirmal Jain
Managing Director
DIN : 00010535

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

Place : Mumbai
Dated: April 26, 2023

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Sr. No	Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
	Revenue from operations			
(i)	Interest income	27.1	3,468.42	3,502.45
(ii)	Dividend income	27.2	87.58	62.91
(iii)	Fees and commission income		62.30	50.15
(iv)	Net gain on fair value changes	28	91.82	150.74
(v)	Net gain on derecognition of financial instruments under amortized cost category	31	348.06	313.41
(I)	**Total revenue from operations**		**4,058.18**	**4,079.66**
(II)	**Other income**	29	30.51	26.94
(III)	**Total Income (I+II)**		**4,088.69**	**4,106.60**
	Expenses			
(i)	Finance costs	30	1,455.96	1,615.61
(ii)	Net loss on derecognition of financial instruments under amortized cost category	31	355.15	723.83
(iii)	Impairment on financial instruments	32	(69.62)	(206.93)
(iv)	Employee benefits expenses	33	672.38	519.90
(v)	Depreciation, amortization and impairment	13, 15 & 16	124.77	106.43
(vi)	Other expenses	34	507.33	380.39
(IV)	**Total Expenses**		**3,045.97**	**3,139.23**
(V)	**Profit before exceptional items and tax (III-IV)**		**1,042.72**	**967.37**
(VI)	Exceptional items		-	-
(VII)	**Profit before tax (V +VI)**		**1,042.72**	**967.37**
(VIII)	**Tax expense:**			
	(1) Current tax	35	117.53	171.28
	(2) Deferred tax	11 & 35	119.70	51.18
	(3) Current tax expenses relating to previous years	35	-	(0.57)
	Total tax expense		**237.23**	**221.89**
(IX)	**Profit for the year (VII-VIII)**		**805.49**	**745.48**
(X)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit liability/(asset)	35	(1.79)	0.96
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 35	0.45	(0.24)
	Subtotal (A)		**(1.34)**	**0.72**
	(B) (i) Items that will be reclassified to profit or loss			
	(a) Cash flow hedge (net)	35	29.61	(14.13)
	(ii) Income tax relating to items that will be reclassified to profit or loss	11 & 35	(7.45)	3.56
	Subtotal (B)		**22.16**	**(10.57)**
	Other Comprehensive Income (A+B)		**20.82**	**(9.85)**
(XI)	**Total Comprehensive Income for the year (IX+X)**		**826.31**	**735.63**
(XII)	**Earnings per equity share of face value ₹ 2 each**	36		
	Basic (₹)		21.20	19.66
	Diluted (₹)		21.04	19.54
	See accompanying notes forming part of the financial statements	1 - 61		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. Chhajed
Partner
Membership No. 049357

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

Arun Kumar Purwar
Chairman & Independent Director
DIN : 00026383

Nirmal Jain
Managing Director
DIN : 00010535

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

Place : Mumbai
Dated: April 26, 2023

STANDALONE STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Particulars	Notes	Year ended March 31, 2023		Year ended March 31, 2022	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**1,042.72**		**967.37**
Adjustments for:					
Depreciation, amortization and impairment	13, 15 & 16	124.77		106.43	
Impairment on loans	32	(80.31)		(215.96)	
Impairment on other financial instruments		10.69		(8.32)	
(Profit)/ loss on sale of assets		(0.05)		(0.03)	
(Gain)/ loss on termination of lease - Ind AS 116		(3.03)		(0.33)	
Net (gain)/ loss on fair value changes on investments- realized	28	(29.74)		(72.16)	
Net (gain)/ loss on fair value changes on investments- unrealized	28	(62.08)		0.13	
Net (gain)/ loss on derecognition of financial instruments under amortized cost	31	(348.06)		(313.41)	
Employee benefit expenses - share based		2.64		3.10	
Employee benefit expenses - others		8.75		6.74	
Interest on loans		(3,355.11)		(3,434.01)	
Interest on deposits with banks	27.1	(80.94)		(60.18)	
Interest on investments	27.1	(32.37)		-	
Dividend income	27.2	(87.58)		(62.91)	
Finance cost		1,416.27		1,582.01	
Interest expenses - Ind AS 116	15	29.96		28.57	
Net (gain)/ loss on buy back of debentures		(4.47)		(0.79)	
Income received on loans		3,585.73		3,919.83	
Interest received on deposits with banks		58.48		60.34	
Income received on investments		31.14		-	
Finance cost paid		(1,393.20)	(208.51)	(1,645.64)	(106.59)
Operating profit/(loss) before working capital changes			**834.21**		**860.78**
Decrease/ (increase) in financial and non financial assets		7.29		(18.36)	
Increase/(decrease) in financial and non financial liabilities		(1,001.34)	(994.05)	419.06	400.70
Cash (used in)/ generated from operations			**(159.84)**		**1,261.48**
Taxes paid			(105.08)		(150.97)
Net cash (used in)/ generated from operating activities			**(264.92)**		**1,110.51**
Loans (disbursed)/ repaid (net)			(1,815.60)		2,445.75
Net cash (used in)/ generated from operating activities (A)			**(2,080.52)**		**3,556.26**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and other intangible assets			(90.29)		(84.24)
Sale of property, plant and equipment and other intangible assets			1.43		0.70

STANDALONE STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Purchase of equity investments in subsidiary		(497.48)	(225.00)
Purchase of investment property		(5.19)	(24.51)
Proceeds/(Purchase) of Investments		(740.30)	(947.56)
Dividend income		87.58	62.91
Proceeds/(Deposits) from maturity of deposits placed with Banks		(139.78)	290.56
Net cash (used in)/ generated from investing activities (B)		**(1,384.03)**	**(927.14)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share (including securities premium)		11.13	8.60
Payment of stamp duty on account of merger		-	(8.34)
Dividend paid (including dividend distribution tax)		(152.10)	(132.82)
Proceeds from debt securities		1,238.73	1,514.82
Repayment of debt securities		(1,149.33)	(1,835.79)
Proceeds from borrowings (other than debt securities)		10,113.83	4,032.37
Repayment of borrowings (other than debt securities)		(9,346.72)	(3,502.79)
Proceeds from subordinated liabilities		302.39	50.00
Repayment of subordinated liabilities		(43.00)	(363.97)
Payment of lease liability		(104.93)	(86.13)
Net cash (used in)/ generated from financing activities (C)		**870.00**	**(324.05)**
Net increase in cash and cash equivalents (A + B + C)		**(2,594.55)**	**2,305.07**
Add : Opening cash and cash equivalents as at the beginning of the year		4,356.94	2,051.87
Cash and cash equivalents as at the end of the year	4	**1,762.39**	**4,356.94**
See accompanying notes forming part of the financial statements	1 - 61		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED

G. Sankar
Partner
Membership No. 046050

M.P. Chhajed
Partner
Membership No. 049357

Arun Kumar Purwar
Chairman & Independent Director
DIN : 00026383

Nirmal Jain
Managing Director
DIN : 00010535

Place : Mumbai
Dated: April 26, 2023

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023

A. Equity Share Capital

(₹ in Crores)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2023 (Refer Note 26)	75.92	0.17	76.09
As at March 31, 2022 (Refer Note 26)	75.77	0.15	75.92

B. Other Equity

(₹ in Crores)

Particulars	Share application money pending allotment (Note 1)	Reserves & Surplus								Other Comprehensive Income (OCI)		Total
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Capital Redemption Reserve (Note 6)	Debenture Redemption Reserve (Note 7)	Retained Earnings (Note 8)	Stock Compensation Reserve (Note 9)	Effective portion of Cash Flow Hedges (Note 10)	Remeasurements of defined benefit (Note 11)	
Balance as at April 01, 2021	**-**	**83.89**	**1,840.16**	**509.29**	**594.19**	**230.11**	**12.80**	**481.17**	**15.91**	**(21.78)**	**(0.77)**	**3,744.96**
Profit for the year	-	-	-	-	-	-	-	745.48	-	-	-	745.48
Other comprehensive income/ (loss)	-	-	-	-	-	-	-	-	-	(10.57)	0.72	(9.85)
Interim dividend	-	-	-	-	-	-	-	(132.82)	-	-	-	(132.82)
Share issue expenses	-	-	(8.34)	-	-	-	-	-	-	-	-	(8.34)
Transfer to/ (from) reserves	-	-	4.76	0.06	195.23	-	-	(195.23)	(4.82)	-	-	(0.00)
Addition during the year	-	-	8.45	-	-	-	-	-	3.10	-	-	11.55
Balance as at March 31, 2022	**-**	**83.89**	**1,845.03**	**509.35**	**789.42**	**230.11**	**12.80**	**898.60**	**14.18**	**(32.35)**	**(0.05)**	**4,350.98**
Profit for the year	-	-	-	-	-	-	-	805.49	-	-	-	805.49
Other comprehensive income/ (loss)	-	-	-	-	-	-	-	-	-	22.16	(1.34)	20.82
Interim dividend	-	-	-	-	-	-	-	(152.09)	-	-	-	(152.09)
Transfer to/ (from) reserves	-	-	6.07	1.09	161.11	-	-	(161.11)	(7.16)	-	-	-
Addition during the year	-	-	10.97	-	-	-	-	-	2.65	-	-	13.62
Balance as at March 31, 2023	**-**	**83.89**	**1,862.06**	**510.44**	**950.53**	**230.11**	**12.80**	**1,390.89**	**9.67**	**(10.19)**	**(1.39)**	**5,038.82**

Notes:

1. **Share application money pending allotment:** Money received for share application for which allotment is pending.
2. **Capital Reserves:** Capital reserve is created on account of Composite Scheme of Arrangement.
3. **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognized in Securities Premium Reserve.
4. **General Reserve:** The reserve can be distributed/ utilized by the Company, in accordance with The Companies Act, 2013.

STANDALONE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023

5. **Special Reserve:** Pursuant to section 45-IC of the Reserve Bank of India Act, 1934, 20% of the profit after tax for the year has been transferred from Retained Earnings to Special Reserve.
6. **Capital Redemption Reserve:** This reserve has been created on redemption of preference shares capital as per section 55 of The Companies Act, 2013.
7. **Debenture Redemption Reserve:** Pursuant to Section 71 of The Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 the Company being an NBFC is required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through public issue. Pursuant to Ministry of Corporate Affairs circular dated August 16, 2019, reserve is not required to be created for the Non Convertible Debentures going forward.
8. **Retained Earnings:** These are the profits that the Company has earned till date, less any transfers to Statutory Reserve, Debenture Redemption Reserve, General Reserve, Dividend distribution and Capital Redemption Reserve.
9. **Stock Compensation Reserve:** The employee stock options reserve represents reserve in respect of equity settled share options granted to the employees of the Company and its Group in pursuance of employee stock options plan.
10. **Effective portion of Cash Flow Hedges:**These reserve refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
11. **Remeasurements of defined benefit:** This reserve refers to remeasurement of gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets of the defined benefit plan.

See accompanying notes forming part of the financial statements (1 - 61)

In terms of our report attached **For V Sankar Aiyar & Co.** **Chartered Accountants** Firm Registration No. 109208W	**For Chhajed & Doshi** **Chartered Accountants** Firm Registration No. 101794W	**For and on behalf of the Board of Directors** **of IIFL FINANCE LIMITED**	
G. Sankar Partner Membership No. 046050	**M.P. Chhajed** Partner Membership No. 049357	**Arun Kumar Purwar** Chairman & Independent Director DIN : 00026383	**Nirmal Jain** Managing Director DIN : 00010535
Place : Mumbai Dated: April 26, 2023		**Kapish Jain** Chief Financial Officer	**Sneha Patwardhan** Company Secretary

Note 1. CORPORATE INFORMATION:

Company overview

IIFL Finance Limited (the "Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on March 06, 2020 to March 06, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as gold loan, loans to Micro, small & medium enterprise ("MSME"), loan against securities and digital finance loans.

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On April 26, 2023, Board of Directors of the Company approved and recommended the audited financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

Note 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of The Companies Act, 2013 ("Act").

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1,(that are not traded in active market) that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

(a) Use of estimates and judgments

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(b) Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the provisions of the Act and Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013 along with the applicable guidelines issued by Reserve Bank of India ("RBI"). In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India ("ICAI") are also applied except where compliance with other statutory promulgations requires a different treatment.

(c) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

prescribed in the Division III to Schedule III to Act applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the RBI.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

i. Interest income and dividend income:

Interest income on financial instruments at amortized cost is recognized on a time proportion basis taking into account the amount outstanding.

Interest on financial instruments measured at fair value is included within the fair value movement during the period.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at fair value through profit and loss ("FVTPL"), transaction costs are recognized in the Statement of Profit and Loss at initial recognition.

Dividend on equity shares, preference shares and on mutual fund units is recognized as income when the right to receive the dividend is established.

ii. Fees and charges:

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Company's Statement of Profit and Loss include, among other things, fees charged for servicing a loan.

Cheque bounce charges, late payment charges and foreclosure charges are recognized on a point-in-time basis, and are recorded when realized.

Fee and commission expenses with regards to services are accounted for as and when the services are delivered.

iii. Income from financial instruments at FVTPL:

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL.

iv. Assignment transactions:

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognized from the Balance Sheet immediately upon execution of such transaction. Further, the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognized on the date of derecognition itself as interest only strip receivable (interest strip on assignment) and correspondingly recognized as profit on derecognition of financial asset.

v. Securitization transactions

In accordance with Ind AS 109, in case of securitization transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

vi. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

(b) Property, plant and equipment ("PPE")

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax, if any, less accumulated depreciation. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

Depreciation is charged using the straight-line method, based on the useful life of fixed assets as estimated by the Management, as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold. In case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset. Individual assets / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase.

The estimated useful life of assets is as under:

Class of assets	Useful life
Buildings	20 years
Computers	3 years
Office equipment	5 years
Plant and Equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

For above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest and are disclosed as "capital work-in-progress".

(c) Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortization and cumulative impairment.

Intangible assets i.e. Software are amortized on straight-line basis over the estimated useful life of 3 years.Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

(d) Investment property

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Profit and Loss in the period in which the Investment property is derecognized.

Freehold land and properties under construction are not depreciated.

(e) Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to

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terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(f) Impairment of assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, intangible assets and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognized immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to an extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

(g) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme

(h) Employee benefits

Defined contribution plans

The Company's contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees and are accounted for on an accrual basis and recognized in the Statement of Profit and loss.

Defined benefit plans

Short term employee benefits: Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. These benefits include performance incentive and compensated absences

Post employment benefits: The employees' gratuity fund scheme represents defined benefit plan. The present value of the obligation under defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to the Statement of Profit and Loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognized in the Statement of Profit and Loss as employee benefit expenses. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Long term employee benefits: The obligation recognized in respect of long term benefits being long term compensated absences, is measured at present value of estimated future cash flows expected to be made by the Company and is recognized in a similar manner as in the case of defined benefit plan above.

(i) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

(j) Taxes on income

Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax is not recognized for:

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

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities, representing current tax and where the deferred tax assets and deferred tax liabilities relates to taxes on income levied by the same governing taxation laws.

Current and deferred tax for the year

Current and deferred tax are recognized in the Statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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(k) Financial instruments

Financial assets and financial liabilities are recognized in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the Statement of Profit and Loss.

Financial assets

Classification and measurement

The Company classifies its financial assets into the following measurement categories: amortized cost; fair value through other comprehensive income; and fair value through profit or loss.

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial instruments measured at amortized cost

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit and Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the Statement of Profit and Loss. The gain or loss on disposal is recognized in the Statement of Profit and Loss.

Interest income is recognized in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognized in the Statement of Profit and Loss when the Company's right to receive dividends is established.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Impairment of financial assets

Company recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR. Vintage loss curve model is used for ECL computation of retail portfolio which involves assessment of performance of segmented portfolio over a time period. The model tracks month-wise losses during the loan tenor. Vintage loss rate models provide a simple, reasonable model for both one-year and lifetime expected credit loss forecasts. For wholesale portfolio, ECL computation is done for each loan account based on CRISIL default study and International Review Board ("IRB") guidelines.

ECL is measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Key elements of ECL computation are outlined below:

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio.

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- Loss given default ("LGD") estimates the normalized loss which Company incurs post customer default. It is usually expressed as a percentage of the Exposure at default ("EAD").
- Effective interest rate ("EIR") is the rate that discounts estimated future cash flows through the expected life of financial instrument. For calculating EIR any upfront fees needs to be excluded from the loans and advance amount.

Credit impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's expert credit assessment.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified, the Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/ loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Financial liabilities and equity Instruments

Debt and equity instruments that are issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments (e.g. convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other component of equity. Where the conversion option remains unexercized at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain/ loss is recognized in Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible notes using the effective interest rate method.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognized amounts with an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously

(l) Investment in subsidiaries

Investment in subsidiaries is recognized at cost and is not adjusted to fair value at the end of each reporting period as allowed by Ind AS 27 'Separate financial statement'. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

(m) Cash and bank balances

Cash comprizes cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(n) Goods and service tax input credit

Goods and service tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/ utilizing the credits.

(o) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(p) Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

(q) Segment reporting

The Company's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Company revolve around the main business. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments.

(r) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when:

- an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

(s) Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature;

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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- non-cash items such as depreciation, provisions, deferred taxes and unrealized foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

(t) Derivative financial instruments and hedging

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

The Company designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

The forward cost are separately accounted for as a cost of hedging and are recognized in OCI and accumulated in a cost of hedging reserve as a separate component within equity.

Cash flow hedges

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

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

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

(u) Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company considers whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognizes the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

As a lessor

Leases for which the Company is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Critical accounting estimate and judgement

1. **Determination of lease term**

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. **Discount rate**

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Company as a lessee

As a lessee, the Company leases assets which includes gold loan branches/office premises and vehicles to employees. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognizes right-to-use assets and lease liabilities for these leases.

(v) Recent Accounting Pronouncements

On March 31, 2023, Ministry of Corporate Affairs ("MCA") has amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 – Presentation of Financial Statements:

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual period beginning on or after April 01, 2023. The Company has evaluated the amendment the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors:

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual period beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 12 – Income Taxes:

This amendment has narrowed the scope of initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual period beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
Cash on hand	58.47	48.65
Balance with Banks		
- In current accounts	903.95	3,490.85
- In deposit accounts	-	817.07
- Interest accrued on above deposits	-	0.37
CCIL Lending/Money at call or short notice	799.97	-
Total	**1,762.39**	**4,356.94**

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	6.57	13.61
In Deposit accounts (refer note 5.1)	1,372.24	1,232.46
Interest accrued on fixed deposits (refer note 5.1)	28.26	5.80
Total	**1,407.07**	**1,251.87**

Note 5.1 Out of the Fixed Deposits shown above

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Lien marked	1,236.52	803.50
Margin for credit enhancement	52.95	434.76
Other deposits	111.03	-
Total	**1,400.50**	**1,238.26**

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Crores)

Part I	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives						
- Spot and forwards	4,678.79	145.89	33.14	3,694.38	45.85	149.46
(ii) Interest rate derivatives						
- Forward rate agreements and Interest rate swaps	695.50	26.48	-	695.50	18.56	-
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	-	-	-
Total	**5,374.29**	**172.37**	**33.14**	**4,389.88**	**64.41**	**149.46**

(₹ in Crores)

Part II	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging	-	-	-	-	-	-
(ii) Cash flow hedging						
- Currency derivatives	4,678.79	145.89	33.14	3,694.38	45.85	149.46
- Interest rate derivative	695.50	26.48	-	695.50	18.56	-
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	-	-	-
Total	**5,374.29**	**172.37**	**33.14**	**4,389.88**	**64.41**	**149.46**

Credit Risk and Currency Risk

(₹ in Crores)

	Total		Exchange Traded		Over the Counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
Year ended March 31, 2023						
Derivative Asset	2,157.03	172.37	-	-	2,157.03	172.37
Derivative Liabilities	3,217.26	33.14	-	-	3,217.26	33.14
Year ended March 31, 2022						
Derivative Asset	1,382.50	64.41	-	-	1,382.50	64.41
Derivative Liabilities	3,007.38	149.46	-	-	3,007.38	149.46

6.1 Hedging activities and derivatives

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

6.1.1 Derivatives designated as hedging instruments

The foreign currency and interest rate risk on borrowings have been actively hedged through a combination of forward contracts and interest rate swaps.

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

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

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Notional amount	5,374.29	4,389.88
Carrying amount	139.23	(85.05)
Line item in the statement of financial position	Derivative financial instrument	Derivative financial instrument
Change in fair value used for measuring ineffectiveness for the year (Profit/ (Loss))	-	-

(₹ in Crores)

Impact of hedging item	As at March 31, 2023	As at March 31, 2022
Change in fair value (Profit/ (Loss))	-	-
Cash flow hedge reserve (Profit/ (Loss))	0.10	-
Cost of hedging	-	-

(₹ in Crores)

Effect of Cash flow hedge	As at March 31, 2023	As at March 31, 2022
Total hedging gain / (loss) recognized in OCI	22.16	(10.57)
Ineffectiveness recognized in profit/ (loss)	0.10	-

NOTE 7. RECEIVABLES

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Trade Receivables		
Receivables considered good - Secured	60.80	134.50
Receivables considered good - Unsecured *	4.88	6.04
Receivables - credit impaired	1.66	0.00
Total- Gross	**67.34**	**140.54**
Less: Impairment loss allowance	(0.83)	(0.00)
Total- Net	**66.51**	**140.54**
(ii) Other Receivables		
Receivables considered good - Unsecured	151.96	15.80

* Including receivables from Group/Subsidiaries Company (refer note 41.2)

Note 7.1 Trade Receivables Ageing Schedule (Gross)

(₹ in Crores)

Particulars	As at March 31, 2023					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables – considered good	65.55	0.03	0.09	-	-	**65.68**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk		-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	1.66	-	-	**1.66**
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**65.55**	**0.03**	**1.75**	**-**	**-**	**67.34**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	As at March 31, 2022					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables – considered good	140.41	0.11	0.02	-	-	**140.54**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	0.00	-	**0.00**
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**140.41**	**0.11**	**0.02**	**0.00**	**-**	**140.54**

Notes:

1. No trade or other receivables are due from directors or other officer of the Company either severally or jointly, with any other person. No trade or other receivables are due from firms including limited liability partnerships in which any director is a partner or a director or a member.
2. The Company has adopted simplified approach for impairment allowance on trade receivables. Expected credit loss ("ECL") has been recognized on credit impaired receivables.
3. Trade receivables are non-interest bearing.

NOTE 8. LOANS

(₹ in Crores)

Particulars	As at March 31, 2023		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	8,715.37	4,129.91	12,845.28
(ii) Non Convertible Debentures - for financing real estate projects	1,202.46	-	1,202.46
(iii) Inter corporate deposit	-	-	-
(iv) Related parties	0.14	-	0.14
(v) Others (Dues from Customers etc)	1,006.66	-	1,006.66
Total (A) - Gross	**10,924.63**	**4,129.91**	**15,054.54**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 91.64 Crores and Stage 3 Interest ₹ 21.17 Crores)	(470.07)	(35.13)	(505.20)
Total (A) - Net	**10,454.56**	**4,094.78**	**14,549.34**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	8,429.76	3,882.62	12,312.38
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	48.06	-	48.06
(iv) Unsecured	2,446.81	247.29	2,694.10
Total (B) - Gross	**10,924.63**	**4,129.91**	**15,054.54**
Less: Impairment loss allowance	(470.07)	(35.13)	(505.20)
Total (B) - Net	**10,454.56**	**4,094.78**	**14,549.34**
(C)			
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	10,924.63	4,129.91	15,054.54
Total (C) (I) - Gross	**10,924.63**	**4,129.91**	**15,054.54**
Less: Impairment loss allowance	(470.07)	(35.13)	(505.20)
Total (C) (I) - Net	**10,454.56**	**4,094.78**	**14,549.34**
(II) Loans outside India (C) (II)	**-**	**-**	**-**
Total C (I) and C (II)	**10,454.56**	**4,094.78**	**14,549.34**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	As at March 31, 2022		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	8,108.28	2,799.74	10,908.02
(ii) Non Convertible Debentures - for financing real estate projects	1,716.84	-	1,716.84
(iii) Inter corporate deposit	-	-	-
(iv) Related parties	0.20	-	0.20
(v) Others (Dues from Customers etc)	854.31	-	854.31
Total (A) - Gross	**10,679.63**	**2,799.74**	**13,479.37**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 160.15 Crores and Stage 3 Interest ₹ 39.76 Crores)	(572.64)	(22.68)	(595.32)
Total (A) - Net	**10,106.99**	**2,777.06**	**12,884.05**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	8,576.22	2,799.74	11,375.96
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	102.51	-	102.51
(iv) Unsecured	2,000.90	-	2,000.90
Total (B) - Gross	**10,679.63**	**2,799.74**	**13,479.37**
Less: Impairment loss allowance	(572.64)	(22.68)	(595.32)
Total (B) - Net	**10,106.99**	**2,777.06**	**12,884.05**
(C)			-
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	10,679.63	2,799.74	13,479.37
Total (C) (I) - Gross	**10,679.63**	**2,799.74**	**13,479.37**
Less: Impairment loss allowance	(572.64)	(22.68)	(595.32)
Total (C) (I) - Net	**10,106.99**	**2,777.06**	**12,884.05**
(II) Loans outside India (C) (II)	-	-	-
Total C (I) and C (II)	**10,106.99**	**2,777.06**	**12,884.05**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, Company personal guarantees, physical gold, undertaking to create security.

8.2 Secured loans include loans aggregating to ₹ 218.77 Crores (P.Y ₹ 200.32 Crores) in respect of which the creation of security is under process.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 9. INVESTMENTS

(₹ in Crores)

Particulars	As at March 31, 2023		
	At Fair Value through Profit and Loss	At Cost	Total
(A)			
Mutual funds	0.00	-	0.00
Alternate investment funds	971.24	-	971.24
Security receipts	1,049.24	-	1,049.24
Government Securities	5.04	-	5.04
Bonds	138.09	-	138.09
Preference Shares	38.17	-	38.17
Equity instruments:			
in subsidiaries	-	1,907.81	1,907.81
Total (A) - Gross	**2,201.78**	**1,907.81**	**4,109.59**
Less: Impairment loss allowance	(329.90)	-	(329.90)
Total (A) - Net	**1,871.88**	**1,907.81**	**3,779.69**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	2,201.78	1,907.81	4,109.59
Total (B) - Gross	**2,201.78**	**1,907.81**	**4,109.59**
Less: Impairment loss allowance	(329.90)	-	(329.90)
Total (B) - Net	**1,871.88**	**1,907.81**	**3,779.69**

(₹ in Crores)

Particulars	As at March 31, 2022		
	At Fair Value through Profit and Loss	At Cost	Total
(A)			
Mutual funds	0.00	-	0.00
Alternate investment funds	955.22	-	955.22
Security receipts	445.39	-	445.39
Equity instruments:			
in subsidiaries	-	1,410.33	1,410.33
Total (A) - Gross	**1,400.61**	**1,310.33**	**2,810.94**
Less: Impairment loss allowance	(362.09)	-	(362.09)
Total (A) - Net	**1,038.52**	**1,410.33**	**2,448.85**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	1,400.61	1,410.33	2,810.94
Total (B) - Gross	**1,400.61**	**1,410.33**	**2,810.94**
Less: Impairment loss allowance	(362.09)	-	(362.09)
Total (B) - Net	**1,038.52**	**1,410.33**	**2,448.85**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Note 9.1 Investment details scrip wise

(₹ in Crores)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Crores)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Crores)
Mutual funds			**0.00**			**0.00**
Nippon India Mutual Fund ETF Liquid Bees	36.71	1,000.00	0.00	35.20	1,000.00	0.00
Alternate investment fund			**971.24**			**955.22**
Phi Capital Growth Fund-I	339.12	1,00,000.00	8.59	306.78	1,00,000.00	10.06
Indiareit Apartment Fund - Class B	11.29	1,00,000.00	0.08	20.01	1,00,000.00	0.24
IIFL One Value Fund Series B - Class B	47,45,23,611.28	10.00	504.77	47,45,23,611.28	10.00	489.50
IIFL One Value Fund Series B - Class C	36,34,64,973.29	10.00	436.88	41,59,40,426.88	10.00	445.94
Faering Capital Growth Fund III	15,500.00	1,000.00	1.40	15,500.00	1,000.00	1.50
IIFL Securities Capital Enhancer Fund - Class S	1,34,18,161.87	10.00	15.45	39,99,800.01	10.00	4.03
IIFL Securities Capital Enhancer Fund - Class E	1,999.90	10.00	0.00	1,999.90	10.00	0.00
IIFL One Opportunities FoF - Series 1	30,95,601.13	10.00	4.07	30,65,261.70	10.00	3.95
Security receipts			**1,049.24**			**445.39**
ACRE - 110 - Trust (Tranche I)	38,25,000.00	895.48	325.40	38,25,000.00	951.75	362.09
ACRE-110-Trust (Tranche II)	53,97,500.00	952.52	488.42	-	-	-
Arcil-SBPS-049-I- Trust	8,33,000.00	275.20	22.92	8,33,000.00	1,000.00	83.30
Phoenix Trust-FY23-20	21,25,000.00	1,000.00	212.50	-	-	-
Government securities			**5.04**			**-**
07.38 % GOVT. 50,000,000.00 Stock 2027	5,00,000.00	100	5.04	-	-	-
Bonds			**138.09**			
Andhra Pradesh State Beverages Corporation Limited	200.00	2,50,000.00	5.00	-	-	-
Andhra Pradesh State Beverages Corporation Limited	1,331.00	10,00,000.00	133.09	-	-	-
Preference Shares			**38.17**			**-**
Open Financial Technologies Private Limited	201.00	100.00	38.17	-	-	-
Equity instruments (in subsidiaries)			**1,907.81**			**1,410.33**
IIFL Home Finance Limited	2,09,68,181.00	10.00	825.48	2,09,68,181.00	10.00	825.48
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	59,07,16,057.00	10.00	1,043.93	37,07,40,413.00	10.00	584.85
IIFL Open Fintech Private Limited	85,91,397.00	10.00	38.40	-	-	-
Total Gross			**4,109.59**			**2,810.94**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Security deposits	35.39	31.85
Deposit with Exchange	0.25	0.25
Interest strip asset on assignment	803.87	455.81
Staff advances	0.17	0.05
Insurance receivable	47.30	44.66
Less: Provision on insurance receivable (refer note 10.1)	(30.21)	(22.01)
Other receivables	3.46	2.64
Accrued interest on investments	1.23	-
Other advances	5.56	5.57
(Unsecured, considered doubtful)		
Security deposits	0.06	0.32
Less : Provision on security deposits (refer note 10.2)	(0.06)	(0.32)
Total	**867.02**	**518.82**

Note 10.1 Provision on Insurance Receivable:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening	**22.01**	**12.93**
Addition	9.79	16.22
Reduction	(1.59)	(7.14)
Closing	**30.21**	**22.01**

Note 10.2 Provision on Security Deposits:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening	**0.32**	**0.28**
Addition	0.28	0.74
Reduction	(0.54)	(0.70)
Closing	**0.06**	**0.32**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities:

(₹ in Crores)

Particulars	Opening balance (as on April 01, 2022)	Recognized in profit and loss account	Recognized in/ reclassified from OCI	Closing balance (as on March 31, 2023)
Deferred tax assets				
Property, plant and equipment	25.18	3.65	-	28.83
Provisions, allowances for doubtful receivables / loans	143.26	(17.51)	-	125.75
Compensated absences and retirement benefits	2.82	0.92	0.45	4.19
Deduction for provision for doubtful debts	5.57	-	-	5.57
Income amortization (net)	(112.53)	(81.21)	-	(193.74)
Expenses deductible in future years	0.49	-	-	0.49
Carry-forward losses on investments	(15.17)	(14.53)	-	(29.70)
MTM on investment and derivative financial instruments	90.35	(9.41)	-	80.94
Cash flow hedge reserve	10.89	-	(7.45)	3.44
Leases- Ind AS 116	7.64	(1.61)	-	6.03
Total	**158.50**	**(119.70)**	**(7.00)**	**31.80**

(₹ in Crores)

Particulars	Opening balance (as on April 01, 2021)	Recognized in profit and loss account	Recognized in/ reclassified from OCI	Closing balance (as on March 31, 2022)
Deferred tax assets				
Property, plant and equipment	22.42	2.76	-	25.18
Provisions, allowances for doubtful receivables / loans	199.69	(56.43)	-	143.26
Compensated absences and retirement benefits	3.24	(0.18)	(0.24)	2.82
Deduction for Provision for Doubtful debts	-	5.57	-	5.57
Income amortization (net)	(32.94)	(79.59)	-	(112.53)
Expenses deductible in future years	0.61	(0.12)	-	0.49
Carry-forward losses on investments	-	(15.17)	-	(15.17)
MTM on investment and derivative financial instruments	(0.54)	90.89	-	90.35
Cash flow hedge reserve	7.33	-	3.56	10.89
Leases- Ind AS 116	6.55	1.09	-	7.64
Total	**206.36**	**(51.18)**	**3.32**	**158.50**

NOTE 12. INVESTMENT PROPERTY (AT COST)

(₹ in Crores)

Particulars	Property (Flats)*	Land	Total
Gross carrying value			
As at April 01, 2022	**155.55**	**138.15**	**293.70**
Additions during the year	-	-	-
Deductions/ adjustments during the year	-	-	-
As at March 31, 2023	**155.55**	**138.15**	**293.70**
Less : Impairment loss allowance	-	-	-
Net carrying value as at March 31, 2023	**155.55**	**138.15**	**293.70**
"Fair value as on March 31, 2023 (Fair value hierarchy : Level 3)"	192.15	150.65	342.80

*Distress value of above flats is ₹ 158.23 Crores.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	Property (Flats)*	Land	Total
Gross carrying value			
As at April 01, 2021	**155.55**	**112.18**	**267.73**
Additions during the year	-	25.97	25.97
Deductions/ adjustments during the year	-	-	-
As at March 31, 2022	**155.55**	**138.15**	**293.70**
Less : Impairment loss allowance	-	(5.19)	(5.19)
Net carrying value as at March 31, 2022	**155.55**	**132.96**	**288.51**
"Fair value as on March 31, 2022 (Fair value hierarchy : Level 3)"	175.94	132.96	308.90

*Distress value of above flats is ₹ 157.90 Crores.

Note 12.1: Management had acquired possession of these properties in satisfaction of the debts and intends to dispose them in due course, subject to conducive market conditions. These properties have been valued taking into consideration various factors such as location, facilities & amenities, quality of construction, percentage of completion of construction (as for some properties the construction is currently on hold), residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation and ready recknor published by government. These valuations have been performed by an independent registered valuer registered under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair values are based on market values, being the estimated amount for which a property could be exchanged in an arm's length transaction. These properties are not depreciated as they have not been put to use.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

Particulars	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 01, 2022	**126.29**	**1.15**	**24.20**	**24.56**	**39.82**	**39.38**	**255.40**
Additions during the year	35.57	-	6.58	-	12.41	11.45	**66.01**
Deductions/ adjustments	(2.25)	-	(0.10)	-	(1.15)	(2.11)	**(5.61)**
As at March 31, 2023	**159.61**	**1.15**	**30.68**	**24.56**	**51.08**	**48.72**	**315.80**
Depreciation							
As at April 01, 2022	**56.76**	**1.14**	**7.80**	**7.06**	**21.00**	**26.82**	**120.58**
Depreciation for the year	27.41	0.01	4.97	1.47	9.57	7.96	**51.39**
Deductions/ adjustments	(1.89)	-	(0.09)	(0.05)	(0.92)	(1.01)	**(3.96)**
Up to March 31, 2023	**82.28**	**1.15**	**12.68**	**8.48**	**29.65**	**33.77**	**168.01**
Net block as at March 31, 2023	**77.33**	**(0.00)**	**18.00**	**16.08**	**21.43**	**14.95**	**147.79**

(₹ in Crores)

Particulars	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 01, 2021	**80.81**	**1.15**	**7.57**	**35.93**	**27.47**	**28.41**	**181.34**
Additions during the year	47.12	-	16.77	-	13.29	14.90	**92.08**
Deductions/ adjustments	(1.64)	-	(0.14)	(11.37)	(0.94)	(3.93)	**(18.02)**
As at March 31, 2022	**126.29**	**1.15**	**24.20**	**24.56**	**39.82**	**39.38**	**255.40**
Depreciation							
As at April 01, 2021	**36.51**	**0.94**	**4.61**	**8.46**	**13.56**	**21.72**	**85.80**
Depreciation for the year	21.53	0.20	3.31	2.12	8.16	8.11	**43.42**
Deductions/ adjustments	(1.28)	-	(0.12)	(3.52)	(0.72)	(3.01)	**(8.64)**
Up to March 31, 2022	**56.76**	**1.14**	**7.80**	**7.06**	**21.00**	**26.82**	**120.58**
Net block as at March 31, 2022	**69.53**	**0.01**	**16.40**	**17.50**	**18.82**	**12.56**	**134.82**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 14. CAPITAL-WORK-IN PROGRESS (CWIP)

Ageing schedule

(₹ in Crores)

Particulars	As at March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	27.30	0.04	0.06	-	**27.40**
Projects temporarily suspended	-	-	-	-	-

(₹ in Crores)

Particulars	As at March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5.14	0.50	-	-	**5.64**
Projects temporarily suspended	-	-	-	-	-

No projects were delayed for completion or had exceeded its cost compared to its original plan.

NOTE 15. LEASES

As a Lessee

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

(₹ in Crores)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2022	**297.01**	**0.24**	**297.25**
Addition during the year	124.03	-	124.03
Deduction/Adjustment	(21.43)	-	(21.43)
Depreciation during the year	(71.46)	(0.16)	(71.62)
Closing Balance as at March 31, 2023	**328.15**	**0.08**	**328.23**

(₹ in Crores)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2021	**278.95**	**0.44**	**279.39**
Addition during the year	86.12	-	86.12
Deduction/Adjustment	(6.03)	-	(6.03)
Depreciation during the year	(62.03)	(0.20)	(62.23)
Closing Balance as at March 31, 2022	**297.01**	**0.24**	**297.25**

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	79.42	68.05
Non-current lease liabilities	272.80	259.57
Total	**352.22**	**327.62**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

c) Movement in Finance Lease Obligations:

(₹ in Crores)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2022	**327.35**	**0.27**	**327.62**
Addition during the year	121.96	-	121.96
Deduction/Adjustment	(24.46)	-	(24.46)
Finance cost accrued during the period	29.95	0.02	29.97
Payment of lease liabilities	(102.67)	(0.20)	(102.87)
Closing Balance as at March 31, 2023	**352.13**	**0.09**	**352.22**

(₹ in Crores)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2021	**304.94**	**0.48**	**305.42**
Addition during the year	86.12	-	86.12
Deduction/Adjustment	(6.35)	-	(6.35)
Finance cost accrued during the period	28.53	0.04	28.57
Payment of lease liabilities	(85.89)	(0.25)	(86.14)
Closing Balance as at March 31, 2022	**327.35**	**0.27**	**327.62**

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	103.11	91.72
One to two years	83.19	81.66
Two to five years	165.55	160.34
More than five years	101.13	84.44
Total	**452.98**	**418.16**

e) Rental expense recorded for short-term leases was ₹ 2.91 Crores (P.Y ₹ 2.46 Crores)

f) Amounts recognized in profit or loss

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities	29.97	28.57
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	0.21	0.29
Depreciation for the year	71.62	62.23
Total	**101.80**	**91.09**

g) Amounts recognized in the statement of cash flows

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Total cash outflow for leases	102.87	86.14

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 16. OTHER INTANGIBLE ASSETS

(₹ in Crores)

Particulars	Software
Cost or valuation as at April 01, 2022	**7.98**
Additions during the year	2.84
Deductions /Adjustments	-
As at March 31, 2023	**10.82**
Amortization	
As at April 01, 2022	**6.06**
Amortization during the year	1.81
Up to March 31, 2023	**7.87**
Net block as at March 31, 2023	**2.95**

(₹ in Crores)

Particulars	Software
Cost or valuation as at April 01, 2021	**6.21**
Additions during the year	1.77
Deductions /Adjustments	-
As at March 31, 2022	**7.98**
Amortizations	
As at April 01, 2021	**5.29**
Amortization during the year	0.77
Up to March 31, 2022	**6.06**
Net block as at March 31, 2022	**1.92**

NOTE 17. OTHER NON-FINANCIAL ASSETS

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Prepaid expenses	126.14	47.75
Receivable from securitization trust	80.00	236.50
Advances for operational expenses*	41.31	41.07
Deposits with government	1.98	1.97
GST input	11.00	5.20
Advance towards gratuity (refer note 33.2)	-	1.08
Other assets	0.07	0.15
Total	**260.50**	**333.72**

* Includes foreign currency payments amounting to ₹ 9.25 Crores (P.Y ₹ 9.07 Crores)

NOTE 18. ASSETS HELD FOR SALE

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets held for sale	7.85	7.84

Assets held for sale is towards a Company owned property (Building) which it intends to sell in the near future. The property is pending sale beyond one year due to approvals pending from the relevant government authorities.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 19. PAYABLES

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
(I) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 19.1)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	25.92	16.61
Accrued salaries and benefits	1.49	2.32
Provision for expenses	94.38	61.39
Other trade payables *	11.59	5.85
Total (I)	**133.38**	**86.17**
(II) Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 19.1)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	9.91
Total (II)	**-**	**9.91**

* Including payable to Group /Subsidiaries Company (refer note 41.2)

Note 19.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under The Micro, Small and Medium Enterprises Development Act, 2016 ("MSMED Act") on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED Act:

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the MSMED Act. This has been relied upon by the auditors.

NOTE 19.2 TRADE PAYABLES AGEING SCHEDULE

(₹ in Crores)

Particulars As at March 31, 2023	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	94.38	38.44	0.55	0.00	0.01	**133.38**
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**94.38**	**38.44**	**0.55**	**0.00**	**0.01**	**133.38**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars As at March 31, 2022	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	61.39	24.73	0.03	0.02	-	**86.17**
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**61.39**	**24.73**	**0.03**	**0.02**	**-**	**86.17**

NOTE 20. DEBT SECURITIES

(₹ in Crores)

Particulars	At Amortized Cost	
	As at March 31, 2023	As at March 31, 2022
(i) Non Convertible Debentures* (refer note 20.1) - Secured	5,033.29	4,948.36
Less : Unamortized debenture issue expenses	(10.75)	(26.66)
Less : Unexpired discount on NCD	(0.07)	(1.57)
(ii) Interest accrued but not due	171.62	185.16
Total (A)	**5,194.09**	**5,105.28**
Debt securities in India	2,882.99	2,584.55
Debt securities outside India	2,311.10	2,520.73
Total (B)	**5,194.09**	**5,105.28**

* The Non Convertible Debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.

Non Convertible Debentures – Includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ Nil { As at March 31, 2022 ₹ 762.88 Crores (from September 07, 2022)}

NOTE 20.1 - TERMS OF REPAYMENT

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rate of Interest / Yield	Amount (₹ in Crores)	Rate of Interest / Yield	Amount (₹ in Crores)
Non Convertible Debentures (Secured)				
Fixed:		**4,662.53**		**4,615.37**
More than 5 years	8.33% - 9.45%	1,130.00	8.33 % - 8.60%	570.00
3-5 Years	8.42% - 9.00%	596.99	8.42 % - 8.75%	283.33
1-3 Years	8.50% - 8.75%	276.93	8.00% - 11.03%	3,237.24
Less than 1 year	8.50% - 11.03%	2,658.60	8.00% - 9.85%	524.80
Floating:		**115.00**		**-**
More than 5 years	-	-	-	-
3-5 Years	-	-	-	-
1-3 Years	8.25%	115.00	-	-
Less than 1 year	-	-	-	-
Zero Coupon:		**255.77**		**332.99**
3-5 Years	8.75%	27.19	8.75%	29.31
1-3 Years	8.00% - 8.50%	157.27	8.00% - 8.50%	228.74
Less than 1 year	8.25%	71.30	9.50% - 9.85%	74.94
TOTAL		**5,033.29**		**4,948.36**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 20.2 - NON CONVERTIBLE DEBENTURES - SECURED - INSTRUMENT WISE DETAILS

(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
5.875% Secured Medium Term Note. Date of Maturity- April 20, 2023 *	11.03%	2,251.39	2,453.40
9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D5. Date of maturity May 08, 2023	9.00%	100.00	-
9.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D5. Date Of Maturity May 08, 2023	9.00%	-	100.00
8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity October 14, 2023	8.25%	307.21	-
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series II Date Of Maturity October 14, 2023	8.25%	71.30	71.43
8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity October 14, 2023	8.25%	-	307.53
9.75% Secured Rated Listed Redeemable Non Convertible Debentures. Series III. Maturity Date - February 07, 2024	9.75%	-	170.42
10.20% Secured Rated Listed Redeemable Non Convertible Debentures. Series IV. Maturity Date - February 07, 2024	10.20%	-	111.80
G-Sec Linked Secured Rated Listed Principal Proctected Market Linked Redeemable Non Convertible Debentures Series D21 Date Of Maturity July 25, 2024	8.50%	26.00	-
Gsec Linked Secured Rated Listed Principal Protected Market Linked Redeemable Non Convertible Debenture. Series D19. Date Of Maturity September 02, 2024	8.25%	115.00	-
Gsec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series D14. Date Of Maturity September 07, 2024	8.00%	100.00	100.00
8.50% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series III. Date Of Maturity October 14, 2024	8.50%	93.88	94.08
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series IV. Date Of Maturity October 14, 2024	8.50%	57.27	57.31
8.5% Secured Rated Listed Non Convertible Debentures Redeemable Series I Date Of Maturity January 24, 2025	8.50%	45.63	-
Secured Rated Listed Redeemable Non Convertible Debentures Series II Date Of Maturity January 24, 2025	8.50%	30.07	-
Secured Rated Listed Redeemable Non Convertible Debentures Series IV. Date Of Maturity January 24, 2026	8.75%	24.13	-
8.75% Secured Rated Listed Redemable Non Convertible Debentuers Series III Date Of Maturity January 24, 2026	8.75%	57.21	-
8.42% Secured Rated Monthly Listed Redeemable Senior Non Convertible Debentures. Series V. Date Of Maturity October 14, 2026	8.42%	146.22	147.25
8.75% Secured Rated Annually Listed Redeemable Senior Non Convertible Debentures. Series VI. Date Of Maturity October 14, 2026	8.75%	135.72	136.08
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series VII. Date Of Maturity October 14, 2026	8.75%	27.19	29.31
9% Secured Rated Listed Redeemable Non Convertible Debentures Series VI. Date Of Maturity January 24, 2028	9.00%	118.93	-
Secured Rated Listed Redeemable Non Convertible Debentures Series VII. Date Of Maturity January 24, 2028	9.00%	37.86	-
8.65% Secured Rated Listed Redeemable Non Convertible Debentures Series V Date Of Maturity January 24, 2028	8.65%	158.27	-
8.33% Secured Rated Listed Redeemable Non Convertible Debentures. Series D13. Date Of Maturity June 30, 2031	8.33%	500.00	500.00
8.50% Secured Rated Listed Non Convertible Debentures. Series D15. Date Of Maturity January 21, 2032	8.50%	10.00	10.00
8.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series D16 Option A. Date Of Maturity March 24, 2032	8.60%	60.00	60.00
9% Secured Rated Listed Non Convertible Debenture. Series D17. Date Of Maturity July 15, 2032	9.00%	10.00	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
9.45% Secured Rated Listed Redeemable Non Convertible Debentures Series D20 Date Of Maturity November 01, 2032	9.45%	550.00	-
9.50% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - May 07, 2022	9.50%	-	260.50
9.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - May 07, 2022	9.60%	-	36.69
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series II - Category II,III & IV. Maturity Date - May 07, 2022	9.60%	-	42.24
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debentures. Series D10. Date Of Maturity May 17, 2022	8.00%	-	100.00
8.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D11. Date Of Maturity May 26, 2022	8.00%	-	25.00
Market Linked Secured Rated Listed Redeemable Non-Convertible Debentures. Series D3 Option II. Date Of Maturity September 27, 2022	9.50%	-	21.93
9.50% Secured Rated Listed Redeemable Non-Convertible Debentures. Series II. Date Of Maturity December 06, 2022	9.50%	-	33.17
Zero coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series III. Date Of Maturity December 06, 2022	9.85%	-	10.77
9.85% Secured Rated Listed Redeemable Non-Convertible Debentures. Series IV. Date Of Maturity December 06, 2022	9.85%	-	64.44
9.85% Secured Rated Listed Redeemable Non Convertible Debenture Series D4. Date Of Maturity January 17, 2023	9.85%	-	5.00
TOTAL		**5,033.29**	**4,948.36**

* Includes hedging cost

NOTE 21. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Crores)

Particulars	At Amortized Cost As at March 31, 2023	At Amortized Cost As at March 31, 2022
(A)		
(a) Term loan (refer note 21.1)		
(i) From banks and financial institution (refer note (a) and (b))	8,148.15	6,731.36
(ii) From others (refer note (c))	1,232.55	757.93
Less : Prepaid expenses	(48.11)	(29.01)
(b) Other loans (refer note 21.2)		
(i) Cash credit/ overdraft (refer note (a))	620.75	320.09
(ii) Securitization liability	564.26	1,989.22
Less : Prepaid expenses	(4.16)	(11.79)
(c) Interest accrued but not due	13.46	13.28
Total (A)	**10,526.89**	**9,771.07**
(B)		
Borrowings in India	8,066.03	8,632.64
Borrowings outside India (refer note (b),(c),(d))	2,460.86	1,138.42
Total (B)	**10,526.89**	**9,771.07**

Notes:

(a) These loans are secured by way of a first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.

(b) During the year FY 2022-23 the Company had borrowed ₹ 395.28 Crores (equivalent to US$ 50 Million) under External commercial borrowing. These are secured by way of first ranking pari passu charge by way of hypothecation on all borrower's charged asset in favour of the security trustee and specity exclusive chaerge.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(c) During the year FY 2022-23 the Company had also borrowed ₹ 822.00 crore (equivalent to USD 100 million) under External commercial borrowing. These are secured by way of first ranking pari passu against all reivables/current assets of the borrower including book debts/receivables with both present and future but excluding book debt/recevables pertaining to capital market exposure and securitised asset.

(d) During the year ended March 31, 2022, the Company borrowed ₹ 379.25 crore (equivalent to USD 50 million) through the External Commercial Borrowings towards refinancing of existing outstanding Medium Term Notes. These are secured by way of all rights, titles, interest, benefits, claims and demands, whatsoever of the Company in, to and in respect of, all present and future, receivables/assets, including Company's accounts, operating cash flows, current assets, book debts, stock in trade, loans and advances and receivables, both present and future to the extent of complying with the Security Coverage Ratio.

NOTE 21. 1 - TERMS OF REPAYMENT OF TERM LOANS

Residual Maturity	As at March 31, 2023		As at March 31, 2022	
	Rate of Interest/ Yield	Amount (₹ in Crores)	Rate of Interest/ Yield	Amount (₹ in Crores)
(i) From Banks and Financial Institution				
Floating:*		**5,080.16**		**4,911.36**
3 - 5 Years	8.00% - 9.75%	768.39	7.95% - 9.00%	588.05
1 - 3 Years	8.00 % - 9.90%	2,425.14	7.70% - 9.80%	2,679.61
Less than 1 year	8.00% - 10.20%	1,886.64	7.70% - 9.80%	1,643.70
Fixed:		**3,067.98**		**1,820.00**
3 - 5 Years	9.70%	263.35	8.45% - 9.75%	357.79
1 - 3 Years	8.45% - 9.70%	1,395.73	8.00% - 9.75%	981.88
Less than 1 year	8.00% - 9.75%	1,408.90	8.00% - 9.75%	480.33
(ii) From Others				
Fixed:**		**1,232.55**		**757.93**
1 - 3 Years	8.62%	1,232.55	8.62%	757.93
Total		**9,380.70**		**7,489.29**

* The rate of interest for the above term loans from banks is linked to marginal cost of funds based lending rate/ treasury bills plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

** The rate of interest for the above loan is linked to the benchmark plus appropriate spread.

Note 21. 2 - Terms of Repayment of Other Loans

Residual Maturity	As at March 31, 2023		As at March 31, 2022	
	Rate of Interest/ Yield	Amount (₹ in Crores)	Rate of Interest/ Yield	Amount (₹ in Crores)
Floating:				
Cash credit/ overdraft : Less than 1 year ***	6.00% - 9.75%	620.75	7.60% - 8.45%	320.09
Securitization liability				
Fixed:		**564.26**		**1,989.22**
1-3 Years	-	-	7.25% - 7.95%	1,945.25
Less than 1 year	7.72%	564.26	9.75% - 10.00%	43.97
Total		**1,185.01**		**2,309.31**

***The rate of interest for the above loans is linked to marginal cost of funds based lending rate/ fixed deposits plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 22. SUBORDINATED LIABILITIES

(₹ in Crores)

Particulars	At Amortized Cost As at March 31, 2023	As at March 31, 2022
(A)		
(i) Non Convertible Debentures- Unsecured (refer note 22.1)	1,586.17	1,326.78
Less: Unamortized debenture issue expenses	(18.20)	(22.04)
(ii) Interest accrued but not due	91.54	64.90
Total (A)	**1,659.51**	**1,369.64**
(B)		
Subordinated liabilities in India	1,312.20	1,022.55
Subordinated liabilities outside India	347.31	347.09
Total (B)	**1,659.51**	**1,369.64**

Non Convertible Debentures – Includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ 50.00 Crores (from May 28, 2024), ₹ 30.77 Crores (from August 07, 2024) and ₹ 15.45 Crores (from August 07, 2024){ As at March 31, 2022 ₹ 50.00 Crores (from May 28, 2024), ₹ 30.77 Crores (from August 07, 2024) and ₹ 15.45 Crores (from August 07, 2024)}

Note 22. 1 - Terms of Repayment

Residual Maturity	As at March 31, 2023 Rate of Interest / Yield	As at March 31, 2023 Amount (₹ in Crores)	As at March 31, 2022 Rate of Interest / Yield	As at March 31, 2022 Amount (₹ in Crores)
Non Convertible Debenture (Unsecured)				
Fixed		**1,462.24**		**1,202.85**
More than 5 years	9.00% - 10.50%	1,326.31	8.70 % - 10.50%	1,123.92
3- 5 Years	8.70%	100.00	10.00%	25.93
1-3 Years	10.00%	25.93	12.10%	10.00
Less than 1 year	12.10%	10.00	12.15% -12.20%	43.00
Zero Coupon		**123.93**		**123.93**
More than 5 years	9.35% -10.03%	118.15	9.35 % - 10.03%	118.15
3- 5 Years	-	-	10.50%	5.78
1-3 Years	10.50%	5.78	-	-
Total		**1,586.17**		**1,326.78**

Note 22.2 - Non Convertible Debentures - Unsecured - Instrument Wise Details

(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
12.10% Unsecured Redeemable Non Convertible Debentures. Date Of Maturity May 24, 2023	12.10%	10.00	10.00
10.00% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series V. Date Of Maturity June 06, 2025.	10.00%	25.93	25.93
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity June 06, 2025.	10.50%	5.78	5.78
8.70% Unsecured Listed Redeemable Subordinated Non Convertible Debentures. Series U03. Date Of Maturity November 19, 2027	8.70%	100.00	100.00
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture.Series I . Date Of Maturity June 24, 2028	10.00%	274.69	274.69
9.60% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series II . Date Of Maturity June 24, 2028	9.60%	328.02	328.02

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
Zero Coupon Unsecured Rated Listed Redeemable Non Convertible Debenture.Series III . Date Of Maturity June 24, 2028	10.03%	68.14	68.14
9.00% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Date of Maturity June 28, 2028	9.00%	325.00	325.00
Zero coupon Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date of Maturity August 25, 2028	9.35%	50.00	50.00
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Maturity Date - February 07, 2029	10.00%	30.77	30.77
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Maturity Date - February 26, 2029	10.50%	15.45	15.45
9.35% Unsecured Rated Listed Subordinated Redeemable Non Convertible Debenture. Series D16 Option B. Date Of Maturity March 24, 2032	9.35%	50.00	50.00
9.65% Unsecured Rated Listed Subordinate Tier II Non Convertible Debenture. Series D18. Date Of Maturity July 26, 2032	9.65%	236.70	-
9.45% Unsecured Rated Listed Redeemable Non Convertible Debentures Series D22 Date Maturity December 27, 2032	9.45%	65.69	-
12.15% Unsecured Redeemable Non-Convertible Debenture. Date Of Maturity August 30, 2022	12.15%	-	20.00
12.20% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date Of Maturity November 04, 2022	12.20%	-	23.00
TOTAL		**1,586.17**	**1,326.78**

NOTE 23. OTHER FINANCIAL LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Payable on account of assignment/securitization	842.62	1,747.55
Temporary overdrawn bank balances	8.84	0.38
Payables towards NCD	2.26	2.22
Unpaid dividends	0.46	0.52
Other payables (refer note 23.1)	40.15	34.06
Total	**894.33**	**1,784.73**

Note 23.1 During the year, ₹ 0.26 Crores (P.Y ₹ 0.41 Crores) was transferred to Investor Education and Protection Fund.

NOTE 24. PROVISIONS

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	38.57	22.82
Provision for leave encashment	11.04	9.56
Provision for gratuity (refer note 33.2)	1.43	-
ECL provision on sanctioned undisbursed loans	0.22	9.00
Total	**51.26**	**41.38**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 25: OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Income received in advance	0.04	0.04
Advances from customers	70.49	26.72
Statutory remittances	22.45	19.14
Total	**92.98**	**45.90**

NOTE 26: EQUITY SHARE CAPITAL

(i) Authorized, Issued, Subscribed and Paid-up Share Capital

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised Share Capital		
2,35,52,50,000 Equity Shares (P.Y 2,35,52,50,000) of ₹ 2 each	471.05	471.05
50,00,00,000 Preference Shares (P.Y 50,00,00,000) of ₹ 10 each	500.00	500.00
Total	**971.05**	**971.05**
Issued, Subscribed and Paid-up Share Capital		
38,04,30,389 Equity Shares (P.Y 37,95,98,711) of ₹ 2 each fully paid with voting rights	76.09	75.92
Total	**76.09**	**75.92**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
Equity Shares				
At the beginning of the year	37,95,98,711	75.92	37,88,40,676	75.77
Add: Shares issued during the year	8,31,678	0.17	7,58,035	0.15
Outstanding at the end of the year	**38,04,30,389**	**76.09**	**37,95,98,711**	**75.92**

(iii) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2023, equity shareholders were paid an interim dividend of ₹ 4.00/- (P.Y ₹ 3.50/-) per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Limited	8,46,41,445	22.25%	8,46,41,445	22.30%
CDC Group PLC	-	-	2,95,01,587	7.77%
Nirmal Bhanwarlal Jain	4,77,19,154	12.54%	4,77,19,154	12.57%
Smallcap World Fund, Inc	2,82,78,861	7.43%	1,96,71,937	5.18%
Parajia Bharat Himatlal	1,97,20,000	5.18%	2,03,88,602	5.37%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(v) Details of Shareholding of Promoters

Name of the promoter	As at March 31, 2023		
	No. of Shares	% of total shares	% Change during the year*
Nirmal Bhanwarlal Jain	4,77,19,154	12.54%	-0.03%
Madhu N Jain	1,20,75,000	3.17%	-0.01%
Venkataraman Rajamani	1,09,84,432	2.89%	0.00%
Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust)	1,00,00,000	2.63%	0.00%
Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust)	90,00,000	2.37%	0.00%
Aditi Athavankar	2,00,000	0.05%	0.00%
Ardent Impex Private Limited	32,68,904	0.86%	0.00%
Orpheus Trading Private Limited	13,00,000	0.34%	0.00%
Total	**9,45,47,490**	**24.85%**	

* The change in percentage is due to dilution of Share Capital.

Name of the promoter	As at March 31, 2022		
	No. of Shares	% of total shares	% Change during the year
Nirmal Bhanwarlal Jain	4,77,19,154	12.57%	-0.03%
Madhu N Jain	1,20,75,000	3.18%	-0.01%
Venkataraman Rajamani	1,09,84,432	2.89%	-0.01%
Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust)	1,00,00,000	2.63%	-0.01%
Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust)	90,00,000	2.37%	-0.01%
Aditi Athavankar	2,00,000	0.05%	0.00%
Ardent Impex Private Limited	32,68,904	0.86%	0.00%
Orpheus Trading Private Limited	13,00,000	0.34%	0.00%
Total	**9,45,47,490**	**24.91%**	

(vi) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back except for 58,654,556 equity shares alloted on account of merger during the year ended March 31, 2020.

(vii) Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments, including the terms and amount: Refer note 39 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Note 26.1: Other Equity

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Share Application Money	**-**	**-**
Capital Reserve	**83.89**	**83.89**
Securities Premium Reserve		
Opening Balance	1,845.03	1,840.16
Add: Share issue expenses	-	(8.34)
Add: Addition during the year	10.97	8.45
Add/(Less): Transfer to/ (from) reserves	6.07	4.76
Closing Balance	**1,862.06**	**1,845.03**
General Reserve		
Opening Balance	509.35	509.29
Add/(Less): Transfer to/ (from) reserves	1.09	0.06
Closing Balance	**510.44**	**509.35**
Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934		
Opening Balance	789.42	594.19
Add/(Less): Transfer to/ (from) reserves	161.11	195.23
Closing Balance	**950.53**	**789.42**
Capital Redemption Reserve	**230.11**	**230.11**
Debenture Redemption Reserve	**12.80**	**12.80**
Retained Earnings		
Opening Balance	898.60	481.17
Add: Profit for the year	805.49	745.48
Less: Interim dividend	(152.09)	(132.82)
Add/(Less): Transfer to/ (from) reserves	(161.11)	(195.23)
Closing Balance	**1,390.89**	**898.60**
Stock Compensation Reserve		
Opening Balance	14.18	15.91
Add: Addition during the year	2.65	3.10
Add/(Less): Transfer to/ (from) reserves	(7.16)	(4.82)
Closing Balance	**9.67**	**14.18**
Effective portion of Cash Flow Hedges		
Opening Balance	(32.35)	(21.78)
Add: Other comprehensive income/ (loss)	22.16	(10.57)
Closing Balance	**(10.19)**	**(32.35)**
Remeasurements of defined benefit		
Opening Balance	(0.05)	(0.77)
Add: Other comprehensive income/ (loss)	(1.34)	0.72
Closing Balance	**(1.39)**	**(0.05)**
Total	**5,038.82**	**4,350.98**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Note 27.1 Interest Income

(₹ in Crores)

Particulars	FY 2022-23				FY 2021-22			
	On financial assets measured at amortized cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortized cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	2,789.77	-	563.48	3,353.25	2,960.57	-	473.45	3,434.01
Interest on investments	-	32.37	-	32.37	-	8.25	-	8.25
Interest on deposits with banks	80.94	-	-	80.94	60.18	-	-	60.18
Interest on inter corporate deposit	1.86	-	-	1.86	-	-	-	-
Total	**2,872.57**	**32.37**	**563.48**	**3,468.42**	**3,020.75**	**8.25**	**473.45**	**3,502.45**

Note 27.2 Dividend Income

The Company received dividend income amounting to ₹ 87.58 Crores (P.Y ₹ 62.91 Crores). Dividend received from subsidiary Company ₹ 87.58 Crores (P.Y ₹ 62.91 Crores)

NOTE 28. NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	91.82	150.74
Total net gain/(loss) on fair value changes	**91.82**	**150.74**
Fair value changes		
- Realized	29.74	72.16
- Unrealized	62.08	78.58
Total net gain/(loss) on fair value changes	**91.82**	**150.74**

NOTE 29. OTHER INCOME

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Interest on income tax refund	25.53	2.85
Profit on sale of fixed assets	3.08	0.36
Miscellaneous income	1.90	23.74
Total	**30.51**	**26.94**

NOTE 30. FINANCE COSTS

(₹ in Crores)

Particulars	On Financial liabilities measured at Amortized Cost	
	FY 2022-23	FY 2021-22
Interest on debt securities*	456.95	623.85
Interest on borrowings other than debt securities*	752.99	761.81
Interest on subordinated liabilites	144.00	140.89
Interest on inter corporate deposit	1.07	9.01
Interest expense on lease - Ind AS 116	29.96	28.57
Other borrowing cost *	70.99	51.48
Total	**1,455.96**	**1,615.61**

* Includes foreign currency expenses incurred amounting to ₹ 403.18 Crores (P.Y ₹ 251.54 Crores)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 31. NET (GAIN)/ LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

(₹ in Crores)

Particulars		FY 2022-23	FY 2021-22
(i)	**Net gain on derecognition of financial instruments under amortized cost category**		
	Interest strip on assignment of loans	(348.06)	(313.41)
(ii)	**Net loss on derecognition of financial instruments under amortized cost category**		
	Bad debts written off (net)	355.15	723.83
Total		**7.09**	**410.42**

NOTE 32. IMPAIRMENT ON FINANCIAL INSTRUMENTSS

(₹ in Crores)

Particulars	FY 2022-23			FY 2021-22		
	On financial assets measured at amortized cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortized cost	On financial assets classified at fair value through OCI	Total
Loans (refer note 8.3)	(67.85)	(12.46)	(80.31)	(215.17)	(0.79)	(215.96)
Other financial assets	10.69	-	10.69	9.03	-	9.03
Total	**(57.16)**	**(12.46)**	**(69.62)**	**(206.14)**	**(0.79)**	**(206.93)**

NOTE 33. EMPLOYEE BENEFIT EXPENSES

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Salaries	602.65	463.85
Contribution to provident and other funds (refer note 33.1)	35.26	30.19
Leave encashment	4.83	3.44
Gratuity (refer note 33.2)	3.92	3.29
Staff welfare expenses*	23.58	17.18
Share based payments	2.14	1.95
Total	**672.38**	**519.90**

* Includes foreign currency expenses incurred amounting to Nil (P.Y 0.01 crore)

33.1 DEFINED CONTRIBUTION PLANS

The Company has recognized the following amounts as an expense and included in the Employee benefit expenses

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Contribution to Provident Fund	13.25	10.91
Contribution to Employee State Insurance Corporation	3.68	3.52
Contribution to Labour Welfare Fund	0.09	0.08
Contribution to Employee Pension Scheme	17.89	15.48
Contribution to National Pension Scheme	0.35	0.20
Total	**35.26**	**30.19**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

33.2 GRATUITY DISCLOSURE STATEMENT

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Type of benefit	Gratuity	Gratuity
Country	India	India
Reporting currency	₹	₹
Reporting standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding status	Funded	Funded
Starting period	April 01, 2022	April 01, 2021
Date of reporting	March 31, 2023	March 31, 2022
Period of reporting	12 Months	12 Months

Assumptions (current year)		
Expected return on plan assets	7.44%	6.96%
Rate of discounting	7.44%	6.96%
Rate of salary increase	6.00%	6.00%
Rate of employee turnover	For service 4 years and below 28.00% p.a. For service 5 years and above 2.00% p.a.	For service 4 years and below 28.00% p.a. For service 5 years and above 2.00% p.a.
Mortality rate during employment	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Mortality rate after employment	N.A.	N.A.

(₹ in Crores)

Table showing change in the present value of projected benefit obligation	FY 2022-23	FY 2021-22
Present value of benefit obligation at the beginning of the year	16.71	15.73
Interest cost	1.16	1.01
Current service cost	3.97	3.31
Past service cost	-	-
Liability transferred in/ acquisitions	0.07	0.20
(Liability transferred out/ divestments)	(0.11)	(0.24)
(Gains)/ losses on curtailment	-	-
(Liabilities extinguished on settlement)	-	-
(Benefit paid directly by the employer)	-	(0.00)
(Benefit paid from the fund)	(2.77)	(2.31)
The effect of changes in foreign exchange rates	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	(0.01)
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(1.42)	(1.46)
Actuarial (gains)/losses on obligations - due to experience	2.88	0.48
Present value of benefit obligation at the end of the year	20.49	16.71

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Table showing change in the Fair Value of Plan Assets	FY 2022-23	FY 2021-22
Fair value of plan assets at the beginning of the year	17.78	15.97
Interest income	1.24	1.03
Contributions by the employer	3.14	3.13
Expected contributions by the employees	-	-
Assets transferred in/ acquisitions	-	-
(Assets transferred out/ divestments)	-	-
(Benefit paid from the fund)	(2.77)	(2.31)
(Assets distributed on settlements)	-	-
Effects of asset ceiling	-	-
The effect of changes in foreign exchange rates	-	-
Return on plan assets, excluding interest income	(0.32)	(0.03)
Fair value of plan assets at the end of the year	19.06	17.78

(₹ in Crores)

Actual Return on Plan Assets	FY 2022-23	FY 2021-22
Interest Income	1.24	1.03
Return on Plan Assets, Excluding Interest Income	(0.32)	(0.03)
Actual Return on Plan Assets	0.92	1.00

(₹ in Crores)

Amount recognized in the Balance Sheet	FY 2022-23	FY 2021-22
(Present value of benefit obligation at the end of the year)	(20.49)	(16.71)
Fair value of plan assets at the end of the year	19.06	17.78
Funded status (surplus/ (deficit))	(1.43)	1.07
Net (liability)/asset recognized in the Balance Sheet	(1.43)	1.07

(₹ in Crores)

Net interest cost for current year	FY 2022-23	FY 2021-22
Present value of benefit obligation at the beginning of the year	16.71	15.73
(Fair value of plan assets at the beginning of the year)	(17.78)	(15.97)
Net liability/(asset) at the beginning	(1.07)	(0.23)
Interest cost	1.16	1.01
(Interest income)	(1.24)	(1.03)
Net interest cost for current year	(0.07)	(0.02)

(₹ in Crores)

Expenses recognized in the Statement of Profit or Loss for current year	FY 2022-23	FY 2021-22
Current service cost	3.97	3.31
Net interest cost	(0.07)	(0.02)
Past service cost	-	-
(Expected contributions by the employees)	-	-
(Gains)/losses on curtailments and settlements	-	-
Net effect of changes in foreign exchange rates	-	-
Expenses recognized	3.90	3.29

(₹ in Crores)

Expenses recognized in OCI for current year	FY 2022-23	FY 2021-22
Actuarial (gains)/ losses on obligation for the year	1.47	(0.99)
Return on plan assets, excluding interest income	0.32	0.03
Change in asset ceiling	-	-
Net (income)/ expense for the year recognized in OCI	1.79	(0.96)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Balance Sheet reconciliation	FY 2022-23	FY 2021-22
Opening net liability	(1.07)	(0.23)
Expenses recognized in Statement of Profit or Loss	3.90	3.29
Expenses recognized in OCI	1.79	(0.96)
Net liability/(asset) transfer in	0.07	0.20
Net (liability)/asset transfer out	(0.11)	(0.24)
(Benefit paid directly by the employer)	-	(0.00)
(Employer's contribution)	(3.14)	(3.13)
Net liability/(asset) recognized in the Balance Sheet	1.43	(1.07)

(₹ in Crores)

Category of Assets	FY 2022-23	FY 2021-22
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	19.06	17.78
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**19.06**	**17.78**

(₹ in Crores)

Expenses recognized in the Statement of Profit or Loss for next year	FY 2022-23	FY 2021-22
Current service cost	4.27	3.97
Net interest cost	0.11	(0.07)
(Expected contributions by the employees)	-	-
Expenses recognized	4.38	3.90

(₹ in Crores)

Maturity analysis of the benefit payments: From the Fund	FY 2022-23	FY 2021-22
Projected benefits payable in future years from the date of reporting		
1st following year	2.67	0.35
2nd following year	0.47	0.38
3rd following year	0.51	0.46
4th following year	0.56	0.48
5th following year	0.82	0.52
Sum of years 6 To 10	4.37	3.84
Sum of years 11 and above	64.24	56.95

(₹ in Crores)

Sensitivity analysis	FY 2022-23	FY 2021-22
Defined Benefit Obligation on Current Assumptions	20.49	16.71
Delta effect of +1% change in rate of discounting	(2.66)	(2.39)
Delta effect of -1% change in rate of discounting	2.87	2.96
Delta effect of +1% change in rate of salary increase	3.10	2.82
Delta effect of -1% change in rate of salary increase	(2.55)	(2.33)
Delta effect of +1% change in rate of employee turnover	0.37	0.18
Delta effect of -1% change in rate of employee turnover	(0.46)	(0.24)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes

Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary escalation & attrition rate are in line with the industry practice considering promotion and demand and supply of the employees.

Maturity analysis of benefit payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.

Value of asset is considered as fair value of plan asset for the period of reporting.

Qualitative disclosures

Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Company is exposed to the following risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset liability matching risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 34. OTHER EXPENSES

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Advertisement and marketing expenses*	62.39	40.86
Direct operating expenses	100.05	48.09
Bank charges	3.62	9.46
Commission to non whole-time directors	0.32	0.33
Communication costs	8.07	7.59
Electricity	18.03	12.23
Exchange and statutory charges	3.19	3.41
Legal & professional fees*	101.84	61.63
Directors sitting fees	1.11	0.54
Office expenses	11.16	12.68
Postage & courier	3.56	4.78
Printing & stationary	4.31	4.56
Rates & taxes	1.16	1.22
Rent	2.91	2.46
Repairs & maintenance		
- Computer	1.66	1.23
- Others*	13.16	12.88
Remuneration to auditors		
- Audit fees	0.55	0.45
- Certification / other services **	0.35	0.05
- Out of pocket expenses	0.04	0.01
Software charges*	19.03	22.61
Travelling & conveyance*	22.31	13.69
Corporate social responsibility expenses (refer note 42)	8.70	8.20
Miscellaneous expenses*	0.53	0.25
Insurance premium	14.46	20.23
Security expenses	104.82	90.95
Total	**507.33**	**380.39**

*Includes below expenses incurred in foreign currency on accrual basis

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Advertisement and marketing expenses	0.17	-
Travelling & conveyance	0.19	0.03
Repairs & Maintenance: Others	-	0.03
Miscellaneous expenses	0.03	-
Software charges	0.14	0.06
Legal & professional fees	1.14	1.39

** During the year the Company has paid ₹ 0.25 Crores (P.Y ₹ 0.21 Crores) to the auditors towards certification required for Public Issue of Non Convertible Debentures and the same has been amortized over the tenure of the borrowings.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 35. INCOME TAXES

(₹ in Crores)

Amounts recognized in statement of profit or loss	FY 2022-23	FY 2021-22
Current tax expense		
Current year	117.53	171.28
Changes in estimates related to prior years	-	(0.57)
Deferred tax expense		
Origination and reversal of temporary differences	119.70	51.18
Total	**237.23**	**221.89**

(₹ in Crores)

Amounts recognized in other comprehensive income	FY 2022-23			FY 2021-22		
	Amount	Tax expense	Net of tax	Amount	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	(1.79)	0.45	(1.34)	0.96	(0.24)	0.72
Cash flow hedge reserve	29.61	(7.45)	22.16	(14.13)	3.56	(10.58)
Total	**27.83**	**(7.00)**	**20.82**	**(13.17)**	**3.32**	**(9.86)**

(₹ in Crores)

Reconciliation of income tax expense of the year to accounting year	FY 2022-23	FY 2021-22
Profit before tax	**1,042.72**	**967.37**
Tax using the Company's domestic tax rate (25.17%)	262.43	243.47
Tax effect of:		
Non-deductible expenses	2.77	2.35
Tax-exempt income-Others (includes deduction under section 80JJAA)	(5.81)	(4.60)
Tax-exempt income-Dividend	(22.04)	(15.83)
Income taxed at different rates	(0.82)	(4.08)
Adjustments for current tax for prior periods	-	(0.57)
De-Recognition of previously recognized deductible temporary differences	0.69	1.15
Total income tax expense	**237.23**	**221.89**
Effective tax rate	**22.75%**	**22.94%**

NOTE 36. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share ("EPS") computed in accordance with Ind AS 33 "Earnings per share"

Particulars		FY 2022-23	FY 2021-22
Face value of equity shares (in ₹) fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of Profit and Loss (₹ in Crores)		805.49	745.48
Profit after tax attributable to equity share holders (₹ in Crores)	A	805.49	745.48
Weighted average number of equity shares outstanding	B	37,98,80,425	37,91,94,372
Basic EPS (In ₹)	**A/B**	**21.20**	**19.66**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		37,98,80,425	37,91,94,372
Add: Potential equity shares on account conversion of Employees Stock Options		30,15,015	22,54,850
Weighted average number of equity shares for computation of diluted EPS	C	38,28,95,439	38,14,49,222
Diluted EPS (In ₹)	**A/C**	**21.04**	**19.54**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 37. RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk.

Risk management is integral to Company's strategy. The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross stage 3 assets and net stage 3 assets, leverage, funding and liquidity, etc. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed, to ensure minimal impact on the Company's growth and performance.

Risk Management Structure

The Company has established multi-level risk governance for monitoring and control of product and entity level risks. The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Risk Management Committee (""RMC"") which is responsible for monitoring the overall risk process within the Company. The RMC is empowered to develop an independent risk strategy comprising of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer (""CRO"") who reports to the Chairman and independently to RMC of the Board. The Risk department primarily operationalizes risk management framework approved by RMC.

The Company has a well defined risk framework constituting various lines of defence – the first line of defence, consisting of management, is responsible for seamless integration of risk principles across all businesses. Additionally, it ensures adequate managerial and supervisory controls to ensure compliance and highlight inadequate processes and unexpected events. The Company has well-defined internal control measures in every process.

Independent risk and policy team constitutes second line of defence which is responsible for identification and assessment of entity-wide risks. Post its identification, it aims to mitigate risks either through portfolio trigger and caps (Credit risk) or through ongoing risk control and self assessment (Operational risk).

Internal Audit function is the third line of defence that independently reviews activities of the first two lines of defence and reports to the Audit Committee of the Board.

Risk Management Practices

The Company has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage. A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement. In event of susceptibility to external triggers, appropriate risk mitigation would be undertaken and thereby minimize the losses to the Company.

It has initiated a detailed portfolio quality review mechanism which enables analysis of portfolio along various behavioural, demographic and financial parameters. Additionally, through tie-ups with external bureaus, an analysis of collection performance coupled with continuous credit assessment for various key segments is undertaken. The practices aid in proactive course correction thereby modifying credit or sourcing mechanisms, if required. Additionally, application scorecard has been developed enabling the Company to standardize credit underwriting and improve sourcing quality in the long run.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analysed and tested on timely basis. The same is presented to RMC at periodic intervals.

In order to minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as cross currency interest rate swaps are entered to hedge certain foreign currency risk exposures and variable interest rate exposures.

The Company's central Treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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NOTE: 37A.1. CREDIT RISK

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as loans, trade receivables, investments, derivative financial instruments, and other receivables.

Credit Quality Analysis

The following tables sets out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

(₹ in Crores)

Particulars	As at March 31, 2023				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach/ cost	Total
Cash and cash equivalents	-	-	-	1,762.39	1,762.39
Bank balance other than above	-	-	-	1,407.07	1,407.07
Receivables					
(i) Trade receivables	-	-	0.83	66.51	67.34
(ii) Other receivables	-	-	-	151.96	151.96
Loans*	9,519.40	728.11	202.49	-	10,450.00
Investments**	-	-	-	1,907.81	1,907.81
Other financial assets	-	-	-	897.29	897.29

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.
**Investments in subsidiaries carried at cost.

(₹ in Crores)

Particulars	As at March 31, 2022				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach/ cost	Total
Cash and cash equivalents	-	-	-	4,356.94	4,356.94
Bank Balance other than above	-	-	-	1,251.87	1,251.87
Receivables					
(i) Trade receivables	-	-	0.00	140.53	140.54
(ii) Other receivables	-	-	-	15.80	15.80
Loans*	9,240.59	781.68	406.21	-	10,428.48
Investments**	-	-	-	1,410.33	1,410.33
Other Financial assets	-	-	-	541.15	541.15

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.
**Investments in subsidiaries carried at cost.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Financial Assets Measured Using Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on cash and cash equivalents, bank balances, trade receivables, other receivables and other financial assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

37A.2. Collateral Held

The Company holds collateral and other credit enhancements against certain of its credit exposures. The loans are collateralized against equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

37A.3. Loss Allowance and Exposure At Default

The following table shows movement of the loss allowance on loans and advances:

(₹ in Crores)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
OPENING ECL MAR-22	**300.60**	**51.64**	**48.64**	**3.52**	**160.15**	**39.76**	**509.40**	**94.92**
New loans disbursed during the year	164.50	11.30	5.91	1.41	37.53	7.33	207.94	20.04
Loans closed/ written off during the year	(126.37)	(31.70)	(35.68)	(2.84)	(149.00)	(35.04)	(311.05)	(69.58)
Movement in provision without change in asset staging	5.87	12.68	(3.46)	(0.15)	0.71	0.59	3.12	13.12
Movement in provision due to change in asset staging	(13.47)	(0.90)	0.88	0.21	42.25	8.53	29.66	7.84
Closing ECL Mar-23	**331.13**	**43.02**	**16.29**	**2.15**	**91.64**	**21.17**	**439.08**	**66.34**

(₹ in Crores)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL Mar-21	**354.51**	**59.91**	**107.03**	**50.36**	**208.71**	**56.09**	**670.25**	**166.36**
New loans disbursed during the year	169.72	18.65	4.43	1.23	12.11	2.09	186.27	21.97
Loans closed/ written off during the year	(222.02)	(39.78)	(67.32)	(45.15)	(144.52)	(29.43)	(433.87)	(114.36)
Movement in provision without change in asset staging	14.86	15.23	19.49	1.03	(6.94)	2.49	27.42	18.75
Movement in provision due to change in asset staging	(16.47)	(2.37)	(14.99)	(3.95)	90.79	8.52	59.33	2.20
Closing ECL Mar-22	**300.60**	**51.64**	**48.64**	**3.52**	**160.15**	**39.76**	**509.40**	**94.92**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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The following table shows movement of the Exposure At Default ("EAD")

(₹ in Crores)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2022	**11,511.13**	**1,287.06**	**747.50**	**56.98**	**366.44**	**39.75**	**12,625.07**	**1,383.79**
New loans disbursed during the year	10,061.98	189.98	420.56	26.02	94.01	7.33	10,576.54	223.34
Loans closed/ written off during the year	(6,930.03)	(456.40)	(553.19)	(26.66)	(344.74)	(35.04)	(7,827.96)	(518.11)
Movement in EAD without change in asset staging	(1,108.32)	(473.45)	(40.37)	(24.77)	(2.77)	0.59	(1,151.46)	(497.64)
Movement in EAD due to change in asset staging	(359.84)	(32.19)	117.15	4.91	68.38	8.53	(174.30)	(18.75)
Closing EAD Mar-2023	**13,174.92**	**515.00**	**691.64**	**36.48**	**181.32**	**21.16**	**14,047.88**	**572.63**

(₹ in Crores)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2021	**11,947.97**	**1,344.59**	**2,340.33**	**188.84**	**351.95**	**56.09**	**14,640.25**	**1,589.52**
New loans disbursed during the year	8,664.33	829.75	278.12	15.22	45.84	2.09	8,988.29	847.06
Loans closed/written off during the year	(7,707.93)	(977.00)	(1,638.52)	(138.74)	(231.78)	(29.43)	(9,578.23)	(1,145.17)
Movement in EAD without change in asset staging	(1,069.34)	122.90	(27.43)	(1.70)	(6.91)	2.49	(1,103.68)	123.69
Movement in EAD due to change in asset staging	(323.90)	(33.18)	(205.00)	(6.64)	207.34	8.51	(321.56)	(31.31)
Closing EAD Mar-2022	**11,511.13**	**1,287.06**	**747.50**	**56.98**	**366.44**	**39.75**	**12,625.07**	**1,383.79**

37A.4. Write Off

Contractual amount outstanding on financial assets that were written off (net of recovery) during the reporting period is ₹ 355.15 Crores (P.Y ₹ 723.83 Crores)

37A.5. Modified Financial Instruments

For financial assets, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that the modification does not result in cash flows that are substantially different (thereby not resulting into derecognition), the Company has disclosed modification gain/ loss based on discounted cash flow basis in the below table:

Particulars	FY 2022-23	FY 2021-22
Value of modified assets at the time of modification	534.05	1,886.36
Value of modified assets outstanding at end of year	528.39	1,881.56
Modification gain/ (loss)	(5.66)	(4.80)

The above modification is in accordance with the provisions defined in the Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Circular No DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (updated as on December 29, 2022)

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37A.6. Credit Risk Grading of Loans

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

The Company ensures effective monitoring of credit facilities through a portfolio quality review framework. As per this process, an asset is reviewed at a frequency determined based on the risk it carries at the review date.

For effective risk management, the Company monitors its portfolio, based on product, underlying security and credit risk characteristics.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. An independent risk and policy team reviews adherence to policies and processes on a periodic basis.

Additionally, the Company evaluates risk based on staging as defined in Ind AS, details of which are mentioned below:

Credit Grading Details

(₹ in Crores)

Period	Stage 1	Stage 2	Stage 3	Total EAD
March 31, 2023	13,689.93	728.11	202.49	14,620.53
March 31, 2022	12,798.20	804.48	406.20	14,008.87

37A.7. Concentration of Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Company does not have concentration risk.

37B. Liquidity Risk

Liquidity risk refers to the risk that the Company may not be able to meet its short-term financial obligations. The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of credit lines. Further, the Company has well defined Asset Liability Management (ALM) framework with an appropriate organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Company seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

(i) Maturities of Financial Liabilities

(₹ in Crores)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2023	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	33.14	28.40	0.96	-	3.78	-	-
Trade payables	133.38	131.69	0.47	0.65	0.56	0.01	-
Other payables	-	-	-	-	-	-	-
Finance lease obligation*	452.98	26.86	26.34	49.91	149.56	99.18	101.13
Debt securities	5,194.09	2,425.16	11.03	433.91	565.59	628.40	1,130.00
Borrowings (other than debt securities)	10,526.89	1,456.02	801.20	1,562.44	5,548.97	1,158.26	-
Subordinated liabilities	1,659.51	40.40	13.80	4.93	34.18	100.00	1,466.20
Other financial liabilities	894.33	883.24	0.21	7.41	3.47	-	-
Financial guarantee contracts	584.94	584.94	-	-	-	-	-
Total	**19,479.26**	**5,576.71**	**854.01**	**2,059.25**	**6,306.11**	**1,985.85**	**2,697.33**

* The amount represent undiscounted cash flows

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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(₹ in Crores)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2022	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	149.46	3.06	-	3.17	143.24	-	-
Trade payables	86.17	83.67	0.19	1.29	0.04	0.98	-
Other payables	9.91	9.91	-	-	-	-	-
Finance lease obligation*	418.16	23.22	22.92	45.58	139.28	102.72	84.44
Debt securities	5,105.28	606.43	28.45	139.47	3,447.11	313.82	570.00
Borrowings (other than debt securities)	9,771.07	578.53	626.64	1,770.25	5,884.02	911.64	-
Subordinated liabilities	1,369.64	30.64	21.43	28.20	10.00	33.40	1,245.97
Other financial liabilities	1,784.73	1,758.47	-	-	-	26.02	-
Financial guarantee contracts	845.50	845.50	-	-	-	-	-
Total	**19,539.92**	**3,939.65**	**699.63**	**1,987.96**	**9,623.68**	**1,388.59**	**1,900.41**

* The amount represent undiscounted cash flows

Note : Borrowings includes cash credit facilities which has been shown in "over 6 months to 1 year" and "over 1 year to 3 years" in the ratio of 40% and 60% respectively.

(ii) Financing Arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	719.65	1,452.25
- Expiring beyond one year (bank loans)	-	-

37C Market Risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument.

37C.1 Interest Rate Risk

The exposure of the Company's borrowing and loans to interest rate changes at the end of the reporting period are as follows:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Floating rate borrowings	5,815.92	5,231.46
Fixed rate borrowings	11,369.26	10,842.28
Total borrowings	**17,185.18**	**16,073.74**

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The Company had the following floating rate borrowings and cross currency interest rate swap contracts outstanding:

(₹ in Crores)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	9.19%	5,815.92	33.84%	8.64%	5,231.46	32.55%
Net exposure to cash flow interest rate risk		**5,815.92**			**5,231.46**	

Sensitivity

(i) Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates (assuming other variables constant):

(₹ in Crores)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Interest rates – increase by 50 basis points	(21.76)	(19.57)	-	-
Interest rates – decrease by 50 basis points	21.76	19.57	-	-

(ii) The Company does not have any outstanding variable rate loans given and hence there is no impact on Profit & loss account due to any such change.

37C.2. Exposure to Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from Financial Institutions, External Commercial Borrowings (ECB) and foreign bond markets.

(i) The Company has hedged its foreign currency exposure through Forwards/ Future and / or Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company's profit before tax (PBT).

As at March 31, 2023 (₹ in Crores)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets (in ₹)*	172.37	-	-	-	-	-
Foreign currency liabilities (in ₹)*	33.14	-	-	-	-	-
Net Assets/(Liabilities)	**139.23**	**-**	**-**	**-**	**-**	**-**

As at March 31, 2022 (₹ in Crores)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets (in ₹)*	64.41	-	-	-	-	-
Foreign currency liabilities (in ₹)*	149.46	-	-	-	-	-
Net Assets/(Liabilities)	**(85.05)**	**-**	**-**	**-**	**-**	**-**

* Fully hedged by forward contract, future contract and Cross Currency Interest Rate Swaps.

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(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

(₹ in Crores)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD sensitivity*				
₹/ US$ - increase by 5%	-	-	(182.45)	(134.33)
₹/ US$ - decrease by 5%	-	-	182.45	134.33

* Holding all other variables constant,the sensitivity on profit and loss is due to the timing differences of the maturity of the forward exchange contract. On the date of maturity of the forward exchange contract, the sensitivity of profit and loss to changes in the exchange rates will be nil.

37C.3. Price Risk

(i) Exposure

The Company's exposure to assets having price risk is as under (Net)

(₹ in Crores)

Particulars	Equity Shares (Other than Subsidiary)	Preference share	Mutual Funds / Alternate investment funds/ Others	Bonds/ Govt. Securities	Security Receipts	Total
Market value as on March 31, 2023	-	38.17	971.24	143.13	719.33	1,871.87
Market value as on March 31, 2022	-	-	955.22	-	83.30	1,038.52

To manage its price risk arising from investments in equity shares/ other assets, the Company diversifies its portfolio.

(ii) Sensitivity

The table below summarises the impact of increases/ decreases of the index on the Company's equity/ other assets and profit for the period. The analysis is based on the assumption that the instrument index has increased/ decreased by 5% with all other variables held constant.

(₹ in Crores)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Increase 5%	70.04	38.86	-	-
Decrease 5%	(70.04)	(38.86)	-	-

37D.Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value. The Company monitors capital using capital adequacy ratio as prescribed by the Reserve Bank Of India.

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37E. Fair Values of Financial Instruments

Financial Instruments by Category

(₹ in Crores)

Particulars	As at March 31, 2023		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Financial assets			
Cash and cash equivalents	-	-	1,762.39
Bank Balance other than above	-	-	1,407.07
Derivative financial instruments	-	172.37	-
Receivables			
(i) Trade receivables	-	-	66.51
(ii) Other receivables	-	-	151.96
Loans	-	4,094.78	10,454.56
Investments	1,871.88	-	1,907.81
Other financial assets	-	-	867.02
Total financial assets	**1,871.88**	**4,267.15**	**16,617.32**
Financial liabilities			
Derivative financial instruments	-	33.14	-
Trade payables	-	-	133.38
Other payables	-	-	-
Finance lease obligation	-	-	352.22
Debt securities	-	-	5,194.09
Borrowings (other than debt securities)	-	-	10,526.89
Subordinated liabilities	-	-	1,659.51
Other financial liabilities	-	-	894.33
Total financial liabilities	**-**	**33.14**	**18,760.42**

(₹ in Crores)

Particulars	As at March 31, 2022		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Financial assets			
Cash and cash equivalents	-	-	4,356.94
Bank Balance other than above	-	-	1,251.87
Derivative financial instruments	-	64.41	-
Receivables			
(i) Trade receivables	-	-	140.54
(ii) Other receivables	-	-	15.80
Loans	-	2,777.06	10,106.99
Investments	1,038.52	-	1,410.34
Other financial assets	-	-	518.82
Total financial assets	**1,038.52**	**2,841.47**	**17,801.28**
Financial liabilities			
Derivative financial instruments	-	149.46	-
Trade payables	-	-	86.17

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(₹ in Crores)

Particulars	As at March 31, 2022		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Other payables	-	-	9.91
Finance lease obligation	-	-	327.62
Debt securities	-	-	5,105.28
Borrowings (other than debt securities)	-	-	9,771.07
Subordinated liabilities	-	-	1,369.64
Other financial liabilities	-	-	1,784.73
Total financial liabilities	**-**	**149.46**	**18,454.42**

37E.1. Financial Instruments Measured At Fair Value – Fair Value Hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

37E.2. Valuation Methodologies Of Financial Instruments Measured At Fair Value

- Quoted equity/ debt instruments are measured based on the last traded price in the recognized stock exchange and are classified as level 1.
- Quoted Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.
- Alternate Investment Funds and unquoted Mutual Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.
- Equity instruments in non-listed entities are initially recognized at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.
- Government Securities are valued based on the closing price published by FBIL and are classified as level 2.
- Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/ designated agencies viz: CRISIL and ICRA and are classified as level 2.
- Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.
- Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.
- Security receipts are measured as Level 3 basis rating given by independent Rating agencies to the Asset Reconstruction Companies on these secuity receipts.

(₹ in Crores)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2023					
Financial assets					
Forward rate agreements and interest rate swaps	-	172.37	-	172.37	172.37
Loans - classified under FVTOCI	-	-	4,094.78	4,094.78	4,094.78
Investments	**0.00**	**181.30**	**1,690.57**	**1,871.87**	**1,871.87**
(i) Mutual funds/ Alternate investment fund / Others	0.00	-	971.24	971.24	971.24
(ii) Security receipts (Net)	-	-	719.33	719.33	719.33
(iii) Debt securities	-	138.09	-	138.09	138.09

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
(iv) Govt. Securities	-	5.04	-	5.04	5.04
(v) Preference shares	-	38.17	-	38.17	38.17
Total financial assets	**0.00**	**353.67**	**5,785.35**	**6,139.02**	**6,139.02**
Financial liabilities					
Forward rate agreements and interest rate swaps	-	33.14	-	33.14	33.14
Total financial liabilities	**-**	**33.14**	**-**	**33.14**	**33.14**

(₹ in Crores)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2022					
Financial assets					
Forward rate agreements and interest rate swaps	-	64.41	-	64.41	64.41
Loans - classified under FVTOCI	-	-	2,777.06	2,777.06	2,777.06
Investments	**0.00**	**-**	**1,038.52**	**1,038.52**	**1,038.52**
(i) Mutual funds/ Alternate investment fund / Others	0.00	-	955.22	955.22	955.22
(ii) Security receipts (Net)	-	-	83.30	83.30	83.30
Total financial assets	**0.00**	**64.41**	**3,815.58**	**3,879.99**	**3,879.99**
Financial liabilities					
Forward rate agreements and interest rate swaps	-	149.46	-	149.46	149.46
Total financial liabilities	**-**	**149.46**	**-**	**149.46**	**149.46**

37E.3. Valuation Methodologies Of Financial Instruments Not Measured At Fair Value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-Term Financial Assets And Liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, other receivables, balances other than cash and cash equivalents,other financial assets and other financial liabilities and trade payables.

Loans, Debts, Borrowings And Subordinated Debts

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identitical or similar instruments through the discounting factor. For instruments, having contractual residual maturity or original maturity less than one year, the carrying value has been considered as fair value. Fair values of Loans and advances are presented net of provisions for impairment.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2023	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	1,762.39	1,762.39	-
Bank Balance other than included above	1,407.07	1,407.07	-
Receivables			
(i) Trade receivables	66.51	66.51	-
(ii) Other receivables	151.96	151.96	-
Loans	10,402.97	10,454.56	Level 3
Investment in subsidiary*	1,907.81	1,907.81	-
Other financial assets	867.02	867.02	-
Total financial assets	**16,565.73**	**16,617.32**	
Financial Liabilities			
Trade payables	133.38	133.38	-
Other payables	-	-	-
Debt securities **	4,904.93	5,194.09	Level 3
Borrowings (other than debt securities)	10,526.89	10,526.89	Level 3
Subordinated liabilities	1,690.23	1,659.51	Level 3
Other financial liabilities	894.33	894.33	-
Total financial liabilities	**18,149.76**	**18,408.20**	

* Investments in subsidiaries are carried at amortized cost and hence fair value is not disclosed.

** For Secured Medium Term Notes book value has been considered as fair value.

(₹ in Crores)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2022	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	4,356.94	4,356.94	-
Bank Balance other than included above	1,251.87	1,251.87	-
Receivables			
(i) Trade receivables	140.54	140.54	-
(ii) Other receivables	15.80	15.80	-
Loans	9,883.95	10,106.99	Level 3
Investment in subsidiary*	1,410.33	1,410.33	-
Other financial assets	518.82	518.82	-
Total financial assets	**17,578.25**	**17,801.29**	
Financial Liabilities			
Trade payables	86.17	86.17	-
Other payables	9.91	9.91	-
Debt securities**	5,007.87	5,105.28	Level 3
Borrowings (other than debt securities)	9,245.21	9,771.07	Level 3
Subordinated liabilities	1,404.53	1,369.64	Level 3
Other financial liabilities	1,784.73	1,784.73	-
Total financial liabilities	**17,538.42**	**18,126.80**	

* Investments in subsidiaries are carried at amortized cost and hence fair value is not disclosed

** For Secured Medium Term Notes book value has been considered as fair value.

37E.4 Movements In Level 3 Financial Instruments Measured At Fair Value :

The following tables shows the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Security Receipts
Balances as at April 01, 2022	**2,777.06**	**955.22**	**83.30**
Issuances	11,380.87	79.82	753.33
Sale of financial instrument classified as level 3 at the beginning of the financial year	(10,063.15)	(143.44)	(95.39)
Total gain/ (loss) recognized in profit and loss	-	79.64	(21.91)
Balances as at March 31, 2023	**4,094.78**	**971.24**	**719.33**
Unrealized gain /(loss) related to balances held at the end of financial year	-	148.21	(21.91)

(₹ in Crores)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Security Receipts
Balances as at April 01, 2021	**2,890.47**	**7.11**	**-**
Issuances	8,593.21	1,052.64	103.71
Sale of financial instrument classified as level 3 at the beginning of the financial year	(8,706.63)	(174.05)	(20.41)
Total gain/ (loss) recognized in profit and loss	-	69.51	-
Balances as at March 31, 2022	**2,777.06**	**955.22**	**83.30**
Unrealized gain/ losses related to balances held at the end of financial year	-	68.57	-

37F. Transferred Financial Assets That Are Derecognized In Their Entirety

During the year ended March 31, 2022, the Company sold loans measured at FVTOCI through assignment deals. The Company derecognized the assets as per Ind AS 109 as all the risks and rewards relating to assets were transferred to the buyer. The table below summarizes the carrying amount of the derecognized financial assets measured at FVTOCI and the gain/ (loss) on derecognition, per type of asset.

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Financial assets derecognized during the year	10,063.15	8,706.63
Gain from derecognition	471.33	410.71

37G. Transferred Financial Assets That Are Recognized In Their Entirety:

The Company uses securitisation as a source of finance. Such transaction resulted in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Such deals resulted in continued recognition of the securitized assets since the Company retains substantial risks and rewards. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognized in their entirety and associated liabilities.

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Carrying amount of transferred assets measured at amortized cost	564.26	1,989.22
Carrying amount of associated liabilities	564.26	1,989.22
Fair value of assets	564.26	1,988.81
Fair value of associated liabilities	564.26	1,988.81
Net position at Fair value	**-**	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 38. CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Contingent Liabilities:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
In respect of Income tax demands (refer note (a) and (b))	72.23	66.31
In respect of GST/Service tax demands (including interest accrued and refer note (c))	65.65	83.17
In respect of Profession tax demands (refer note (d))	0.16	0.16
In respect of Bank guarantees given (refer note (e))	584.94	845.50
In respect of Stamp Duty (refer note (f))	16.66	16.66
In respect of Legal cases	0.98	-

(a) The Company has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to income tax demand is ₹ 64.06 Crores (P.Y ₹ 41.77 Crores).

(c) Amount paid under protest with respect to service tax demand ₹ 1.89 Crores (P.Y ₹ 1.89 Crores) and with respect to GST demand ₹ 0.12 Crores (P.Y ₹ 0.02 Crores).

(d) Amount paid under protest with respect to profession tax demand ₹ 0.05 Crores (P.Y ₹ 0.05 Crores).

(e) Guarantee has been given on behalf of subsidiary.

(f) The Company had received demand towards stamp duty on account of the Composite Scheme of Arrangement.The demand had been raised for a sum of ₹ 75.00 crores. As per the scheme document any incidental expenses will be borne by the resulting companies i.e IIFL Finance Limited, IIFL Securities Limited and 360 ONE WAM Limited (Formerly known as IIFL Wealth Management Limited) equally. The Company has appealed against the same and paid ₹ 8.34 crores under protest towards its share of the liability and shown ₹ 16.66 crores as Contingent.The matter is pending before the court.

(g) Apart from the above, Company is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's financial position.

Commitments Not Provided For:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments related to loans sanctioned but undrawn	40.66	793.55
Estimated amount of contracts remaining to be executed on capital account	18.36	18.75
Commitments related to Alternate Investment Funds	9.77	20.59

NOTE 39. EMPLOYEE STOCK OPTION

The Company has implemented Employee Stock Option Scheme 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Nomination and Remuneration Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under:

(₹ in Crores)

Particulars	As at March 2023 ESOP 2008	As at March 2022 ESOP 2008
Number of Option outstanding	9,36,947	11,47,105
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Particulars	As at March 2023 ESOP 2008	As at March 2022 ESOP 2008
Grant Date	March 08, 2016, April 29, 2017, May 06, 2021, August 20, 2021, December 22, 2021, August 22, 2022, and October 15, 2022.	August 05, 2014, March 02, 2015, March 08, 2016, April 29, 2017, September 04, 2020, May 06, 2021, August 20, 2021, and December 22, 2021.
Grant Price (₹ Per Share)	₹ 82.02, ₹ 218.71, ₹ 252.00, ₹ 252.00, ₹ 271.40, ₹ 341.65, ₹ 350.00	₹ 61.40, ₹ 82.73, ₹ 82.02, ₹ 218.71, ₹ 126.64, ₹ 252.00, ₹ 252.00 and ₹ 271.40

(b) (i) Movement of options during the year ended March 31, 2023

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2022	**11,47,105**	**82.02-271.40**	**222.89**	**5.44**
Granted during the year	2,00,000	341.65-350.00	343.74	-
Expired/forfeited during the year	2,67,233	82.02- 252.00	215.90	-
Exercised during the year	1,42,925	82.02- 271.40	174.85	-
Outstanding as on March 31, 2023	**9,36,947**	**82.02-350.00**	**274.97**	**5.44**
Exercisable as on March 31, 2023	**75,788**	**252.00-271.40**	**288.15**	**4.54**

b) (ii) Movement of options during year ended March 31, 2022

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2021	**3,31,525**	**82.02-218.71**	**93.70**	**2.65**
Granted during the year	9,25,000	252.00-271.40	252.52	-
Expired/forfeited during the year	14,360	82.00	82.65	-
Exercised during the year	95,060	82.02-82.73	82.04	-
Outstanding as on March 31, 2022	**11,47,105**	**82.02-271.40**	**222.89**	**5.44**
Exercisable as on March 31, 2022	**1,77,105**	**82.02-271.40**	**92.54**	**1.14**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility.

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2008			
	October 15, 2022	August 26, 2022	December 22, 2021	August 20, 2021
Stock price (₹)	350.00	341.65	271.40	252.00
Volatility	10.00%	10.00%	10.00%	10.00%
Risk-free Rate	7.37%	7.02%	5.81%	5.77%
Exercise price (₹)	350.00	341.65	271.40	252.00
Time to Maturity (Years)	5.00	5.00	5.00	5.00
Dividend yield	3.00%	3.00%	3.00%	3.00%
Weight Average Value (₹)	45.31	42.15	35.40	35.40

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Particulars	ESOP 2008			
	May 06, 2021	September 04, 2020	April 29, 2017	March 08, 2016
Stock price (₹)	252.00	87.85	218.71	82.02
Volatility	10.00%	10.00%	10.00%	10.00%
Risk-free Rate	5.66%	6.56%	6..66%	7.47%
Exercise price (₹)	252.00	126.64	218.71	82.02
Time to Maturity (Years)	5.00	5.00	5.00	5.00
Dividend yield	3.00%	3.00%	3.00%	3.00%
Weight Average Value (₹)	34.72	21.10	201.65	76.59

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.

Volatility: The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

The Company has granted Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

a) The details of various Employee Stock Option Schemes are as under:

(₹ in Crores)

Particulars	As at March 2023 ESOP 2020	As at March 2022 ESOP 2020
Number of Option outstanding	27,05,444	35,72,033
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	December 02, 2015, February 08, 2017, May 02, 2018, November 21, 2018 and January 18, 2019	December 02, 2015, March 09, 2016, February 08, 2017, May 02, 2018, September 04, 2018, November 21, 2018, January 18, 2019 and September 18, 2019
Grant Price (₹ Per Share)	₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 182.22	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹129.63

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(b) (i) Movement of options during the year ended March 31, 2023

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2022	**35,72,033**	**61.48-182.22**	**154.91**	**3.19**
Granted during the year	-	-	-	-
Expired/forfeited during the year	1,77,836	106.67- 182.22	238.57	-
Exercised during the year	6,88,753	61.48-182.22	189.43	-
Outstanding as on March 31, 2023	**27,05,444**	**106.67- 182.22**	**212.21**	**2.29**
Exercisable as on March 31, 2023	**20,62,979**	**106.67- 182.22**	**218.51**	**2.35**

(b) (ii) Movement of options during the year ended March 31, 2022

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2021	**44,33,233**	**61.48-182.22**	**150.40**	**4.06**
Granted during the year	-	-	-	-
Expired/forfeited during the year	1,98,225	177.04-182.22	177.37	-
Exercised during the year	6,62,975	61.48-182.22	118.03	-
Outstanding as on March 31, 2022	**35,72,033**	**61.48-182.22**	**154.91**	**3.19**
Exercisable as on March 31, 2022	**20,31,205**	**61.48-182.22**	**150.73**	**3.05**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility.

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2020			
	January 18, 2019	January 18, 2019	November 21, 2018	May 02, 2018
Stock price (₹)	179.63	179.63	179.63	179.63
Volatility	59.00%	59.00%	59.00%	59.00%
Risk-free Rate	7.28% - 7.49%	7.28% - 7.49%	7.21% - 7.40%	7.13% - 7.40%
Exercise price (₹)	182.22	182.22	177.04	142.22
Time to Maturity (Years)	5.80	5.55	5.39	5.09
Dividend yield	1.00%	1.00%	1.00%	1.00%
Weight Average Value (₹)	161.25	102.16	102.29	106.78

Particulars	ESOP 2020		
	May 02, 2018	February 08, 2017	December 02, 2015
Stock price (₹)	179.63	179.63	179.63
Volatility	59.00%	59.00%	59.00%
Risk-free Rate	7.13% - 7.34%	6.94% - 7.21%	6.82%
Exercise price (₹)	142.22	106.67	61.48
Time to Maturity (Years)	4.84	3.87	2.33
Dividend yield	1.00%	1.00%	1.00%
Weight Average Value (₹)	106.90	110.78	37.90

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Stock Price: The fair value of stock as on Appointed Date, i.e., April 01, 2018 ("the Effective date" or the "Date of Modification") has been used to value the outstanding grants based on Mercahnt Banker's Report.

Volatility: The daily volatility of the stock prices on BSE, based on post demerger traded prices, has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered based on equity swap ratio of the Composite Scheme of Arrangement.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

NOTE 40. ADDITIONAL DISLCOURE REQUIREMENTS

(i) Relationship With Struck off Companies

The Company has not entererd into any transactions with strike off companies.

(ii) Registration of Charges or Satisfaction With Registrar of Companies (ROC)

There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

(iii) Compliance With Number of Layers of Companies:

The clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Company.

(iv) Utilization of Borrowed Funds and Share Premium

(A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:-

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(v) Undisclosed Income

The Company has disclosed all its Income appropriately and in the ongoing Tax Assessments as well there has not been any such undisclosed income recognized by the relavant tax authorities.

(vi) Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(vii) Disclosure of Benami Property

The Company does not possess any benami property under the Benami Transactions (Prohibition) Act, 1985 and rules made thereunder.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(viii) Disclosure of Borrowings

(a) The quarterly returns and statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

(b) The Company has utilized the borrowings from banks and financial institutions for the specific purpose for which it was taken as at March 31, 2023.

(ix) Wilful Defaulter

The Company has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

(x) Title Deeds Of Immovable Properties Not Held In Name Of The Company

Title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(xi) Disclosure on Loans and Advances

The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

(xii) Ratios

Particulars	As at March 31, 2023	As at March 31, 2022
Capital to risk-weighted assets ratio (CRAR)	20.38%	23.85%
Tier I CRAR	12.85%	16.02%
Tier II CRAR	7.53%	7.83%
Liquidity Coverage Ratio for the year ended March 31	193.50%	116.59%

NOTE 41. LIST OF RELATED PARTIES

Nature of relationship	Name of party *
Direct subsidiaries	IIFL Home Finance Limited
	IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)
	IIFL Open Fintech Private Limited (w.e.f May 17,2022)
Other related parties	IIFL Securities Limited
	IIFL Management Services Limited
	360 ONE WAM Limited (Formerly known as IIFL Wealth Management Limited)
	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	India Infoline Foundation
	India Infoline Employee Trust Limited
	Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)
	IIFL Wealth Finance Limited
	Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)
	IIHFL Sales Limited
	5paisa Capital Limited
	5paisa P2P Limited
Key managerial personnel	Mr.Nirmal Jain
	Mr.R. Venkataraman
	Mr.Rajesh Rajak (upto October 31, 2022)
	Mr. Kapish Jain (w.e.f November 01,2022)
Relatives of Key managerial personnel	Mr. Shankar Subramanian (Brother of Independent Director Mr. Ramakrishnan Subramanian)

* The above list includes related parties with whom transactions have been carried out during the year.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Note 41.1 Significant transactions with related parties

(₹ in Crores)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Interest income				
IIFL Securities Limited	-	5.13	-	5.13
	-	(4.75)	-	(4.75)
IIFL Home Finance Limited	-	-	-	-
	(20.16)	-	-	(20.16)
IIFL Facilities Services Limited	-	-	-	-
	-	(2.04)	-	(2.04)
IIFL Management Services Limited	-	-	-	-
	-	(0.01)	-	(0.01)
5paisa Capital Limited	-	3.47	-	3.47
	-	(5.07)	-	(5.07)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	1.03	-	-	1.03
	(7.45)	-	-	(7.45)
Mr. Shankar Subramanian	-	-	0.04	0.04
	-	-	(0.02)	(0.02)
Interest expense				
IIFL Facilities Services Limited	-	0.00	-	0.00
	-	(8.94)	-	(8.94)
IIFL Home Finance Limited	1.07	-	-	1.07
	-	-	-	-
360 ONE WAM Limited (Formerly known as IIFL Wealth Management Limited)	-	0.01	-	0.01
	-	-	-	-
IIFL Management Services Limited	-	0.14	-	0.14
	-	(0.54)	-	(0.54)
IIFL Securities Limited	-	1.59	-	1.59
	-	(0.48)	-	(0.48)
Referral fees income/Other charges Income				
IIFL Home Finance Limited	-	-	-	-
	(0.04)	-	-	(0.04)
Mr. Shankar Subramanian	-	-	0.00	0.00
	-	-	(0.00)	(0.00)
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)	-	10.85	-	10.85
	-	-	-	-
Donation paid				
India Infoline Foundation	-	8.70	-	8.70
	-	(8.20)	-	(8.20)
Referral Fees Expense/other charges				
IIFL Securities Limited	-	7.06	-	7.06
	-	(22.57)	-	(22.57)
360 ONE WAM Limited (Formerly known as IIFL Wealth Management Limited)	-	6.77	-	6.77
	-	(3.55)	-	(3.55)
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)	-	0.07	-	0.07
	-	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	56.72	-	-	56.72
	(7.21)	-	-	(7.21)
IIFL Home Finance Limited	0.25	-	-	0.25
	(1.56)	-	-	(1.56)
IIFL Open Fintech Private Limited	0.58	-	-	0.58
	-	-	-	-
Rent expenses				
IIFL Facilities Services Limited	-	2.11	-	2.11
	-	(1.92)	-	(1.92)
Brokerage expense				
IIFL Securities Limited	-	0.50	-	0.50
	-	(0.09)	-	(0.09)
Remuneration paid				
Mr.Nirmal Jain	-	-	10.20	10.20
	-	-	(8.67)	(8.67)
Mr.Kapish Jain (w.e.f November 01, 2022)	-	-	0.88	0.88
	-	-	-	-
Mrs. Sneha Patwardhan	-	-	0.74	0.74
	-	-	(0.58)	(0.58)
Mr.Rajesh Rajak (upto October 31, 2022)	-	-	1.82	1.82
	-	-	(1.33)	(1.33)
Equity dividend received				
IIFL Home Finance Limited	83.87	-	-	83.87
	(62.90)	-	-	(62.90)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	3.71	-	-	3.71
	-	-	-	-
Equity dividend paid				
India Infoline Employee Trust Limited	-	0.03	-	0.03
	-	(0.03)	-	(0.03)
ICD/loan taken**				
IIFL Home Finance Limited	300.00	-	-	300.00
	(421.00)	-	-	(421.00)
IIFL Securities Limited	-	-	-	-
	-	(200.00)	-	(200.00)
IIFL Facilities Services Limited	-	-	-	-
	-	(4,250.60)	-	(4,250.60)
ICD/loan returned**				
IIFL Home Finance Limited	300.00	-	-	300.00
	(421.00)	-	-	(421.00)
IIFL Securities Limited	-	-	-	-
	-	(200.00)	-	(200.00)
IIFL Facilities Services Limited	-	-	-	-
	-	(4,250.60)	-	(4,250.60)
ICD/loan given**				
IIFL Securities Limited	-	1,065.00	-	1,065.00
	-	(1,739.00)	-	(1,739.00)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Management Services Limited	-	-	-	-
	-	(50.00)	-	(50.00)
IIFL Facilities Services Limited	-	-	-	-
	-	(2,663.50)	-	(2,663.50)
IIFL Home Finance Limited	-	-	-	-
	(3,284.40)	-	-	(3,284.40)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	100.00	-	-	100.00
	(550.00)	-	-	(550.00)
5paisa Capital Limited	-	700.00	-	700.00
	-	(600.00)	-	(600.00)
ICD/loan received back**				
IIFL Securities Limited	-	1,065.00	-	1,065.00
	-	(1,739.00)	-	(1,739.00)
IIFL Facilities Services Limited	-	-	-	-
	-	(2,663.50)	-	(2,663.50)
IIFL Management Services Limited	-	-	-	-
	-	(50.00)	-	(50.00)
IIFL Home Finance Limited	-	-	-	-
	(3,284.40)	-	-	(3,284.40)
5paisa Capital Limited	-	700.00	-	700.00
	-	(600.00)	-	(600.00)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	100.00	-	-	100.00
	(550.00)	-	-	(550.00)
Mr. Shankar Subramanian	-	-	0.06	0.06
	-	-	-	-
Investment in subsidiaries				
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	200.00	-	-	200.00
	(225.00)	-	-	(225.00)
IIFL Open Fintech Private Limited	38.40	-	-	38.40
	-	-	-	-
Purchase of Investment				
IIFL Home Finance Limited	259.08	-	-	259.08
	-	-	-	-
Sale of investment				
IIFL Home Finance Limited	-	-	-	-
	(144.00)	-	-	(144.00)
Allocation / reimbursement of expenses paid				
IIFL Securities Limited	-	9.50	-	9.50
	-	(9.24)	-	(9.24)
5paisa Capital Limited	-	0.04	-	0.04
	-	(0.04)	-	(0.04)
IIFL Home Finance Limited	1.37	-	-	1.37
	(0.91)	-	-	(0.91)
IIFL Management Services Limited	-	0.41	-	0.41
	-	(0.18)	-	(0.18)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIHFL Sales Limited	-	0.07	-	0.07
	-	-	-	-
IIFL Facilities Services Limited	-	1.97	-	1.97
	-	(1.48)	-	(1.48)
Allocation / reimbursement of expenses paid others				
IIFL Securities Limited	-	0.70	-	0.70
	-	(1.97)	-	(1.97)
360 ONE WAM Limited (Formerly known as IIFL Wealth Management Limited)	-	-	-	-
	-	(0.00)	-	(0.00)
5paisa P2P Limited	-	-	-	-
	-	(0.00)	-	(0.00)
IIFL Facilities Services Limited	-	0.09	-	0.09
	-	(0.20)	-	(0.20)
IIFL Home Finance Limited	0.74	-	-	0.74
	(0.26)	-	-	(0.26)
5paisa Capital Limited	-	0.22	-	0.22
	-	(0.31)	-	(0.31)
IIFL Management Services Limited	-	0.00	-	0.00
	-	(0.03)	-	(0.03)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	-	-	-	-
	(0.66)	-	-	(0.66)
IIFL Open Fintech Private Limited	0.01	-	-	0.01
	-	-	-	-
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)	-	0.04	-	0.04
	-	(0.02)	-	(0.02)
IIHFL Sales Limited	-	0.03	-	0.03
	-	(0.00)	-	(0.00)
Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)	-	0.00	-	0.00
	-	(0.00)	-	(0.00)
Allocation / reimbursement of expenses received				
IIFL Facilities Services Limited	-	0.08	-	0.08
	-	(0.09)	-	(0.09)
IIFL Management Services Limited	-	0.13	-	0.13
	-	(0.03)	-	(0.03)
IIFL Securities Limited	-	2.88	-	2.88
	-	(2.75)	-	(2.75)
IIFL Home Finance Limited	6.58	-	-	6.58
	(4.76)	-	-	(4.76)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	0.03	-	-	0.03
	-	-	-	-
5paisa Capital Limited	-	1.55	-	1.55
	-	(0.87)	-	(0.87)
IIFL Open Fintech Private Limited	0.00	-	-	0.00
	-	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)	-	0.11	-	0.11
	-	(0.01)	-	(0.01)
IIHFL Sales Limited	-	1.23	-	1.23
	-	(0.21)	-	(0.21)
Allocation / reimbursement of expenses received others				
5paisa Capital Limited	-	0.20	-	0.20
	-	(0.10)	-	(0.10)
5paisa P2P Limited	-	0.00	-	0.00
	-	-	-	-
IIFL Securities Limited	-	0.78	-	0.78
	-	(0.73)	-	(0.73)
IIFL Home Finance Limited	0.88	-	-	0.88
	(1.72)	-	-	(1.72)
IIFL Management Services Limited	-	0.10	-	0.10
	-	(0.00)	-	(0.00)
IIFL Facilities Services Limited	-	0.01	-	0.01
	-	(0.10)	-	(0.10)
Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)	-	0.01	-	0.01
	-	(0.05)	-	(0.05)
India Infoline Foundation	-	0.00	-	0.00
	-	-	-	-
IIFL Open Fintech Private Limited	0.01	-	-	0.01
	-	-	-	-
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)	-	0.04	-	0.04
	-	(0.03)	-	(0.03)
IIHFL Sales Limited	-	0.00	-	0.00
	-	(0.00)	-	(0.00)
Security deposit paid towards rent				
IIFL Facilities Services Limited	-	0.02	-	0.02
	-	(0.04)	-	(0.04)
Security deposit received back				
IIFL Facilities Services Limited	-	0.01	-	0.01
	-	-	-	-
Assignment/Securitization transactions paid on behalf				
IIFL Home Finance Limited	63.35	-	-	63.35
	(90.14)	-	-	(90.14)
Non Convertible Debenture issued				
360 ONE WAM Limited (Formerly known as IIFL Wealth Management Limited)	-	6.10	-	6.10
	-	-	-	-
Non Convertible Debentures redeemed/bought back				
IIFL Management Services Limited	-	-	-	-
	-	(10.81)	-	(10.81)
Repayment towards Borrowing				
IIFL Management Services Limited	-	0.12	-	0.12
	-	(5.27)	-	(5.27)
IIFL Securities Limited	-	-	-	-
	-	(4.09)	-	(4.09)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Note 41.2 Closing balances with related parties

(₹ in Crores)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Other payable				
5paisa Capital Limited	-	0.02	-	0.02
	-	(0.17)	-	(0.17)
IIFL Securities Limited	-	-	-	-
	-	(1.26)	-	(1.26)
IIFL Management Services Limited	-	0.11	-	0.11
	-	-	-	-
IIFL Facilities Services Limited	-	0.14	-	0.14
	-	(0.06)	-	(0.06)
IIFL Open Fintech Private Limited	0.61	-	-	0.61
	-	-	-	-
360 ONE WAM Limited (Formerly known as	-	1.52	-	1.52
IIFL Wealth Management Limited)	-	(3.84)	-	(3.84)
IIHFL Sales Limited	-	0.01	-	0.01
	-	-	-	-
IIFL Home Finance Limited	0.07	-	-	0.07
	-	-	-	-
IIFL Samasta Finance Limited (Formerly	7.18	-	-	7.18
Samasta Microfinance Limited)	(2.50)	-	-	(2.50)
Other receivable				
Livlong Insurance Brokers Limited	-	0.00	-	0.00
(Formerly IIFL Insurance Brokers Limited)	-	(0.02)	-	(0.02)
IIFL Management Services Limited	-	-	-	-
	-	(0.00)	-	(0.00)
IIFL Securities Limited	-	0.69	-	0.69
	-	-	-	-
Livlong Protection & Wellness Solutions	-	2.97	-	2.97
Limited (Formerly IIFL Corporate Services Limited)	-	(0.04)	-	(0.04)
IIHFL Sales Limited	-	-	-	-
	-	(0.11)	-	(0.11)
IIFL Home Finance Limited	-	-	-	-
	(0.13)	-	-	(0.13)
Security deposit receivable				
IIFL Facilities Services Limited	-	0.93	-	0.93
	-	(0.92)	-	(0.92)
Corporate guarantee given				
IIFL Home Finance Limited	584.94	-	-	584.94
	(845.50)	-	-	(845.50)
Outstanding non convertible debenture issued				
360 ONE WAM Limited (Formerly known as	-	6.10	-	6.10
IIFL Wealth Management Limited)	-	-	-	-
IIFL Securities Limited	-	-	-	-
	-	(44.30)	-	(44.30)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Facilities Services Limited	-	-	-	-
	-	(0.00)	-	(0.00)
Interest accrued on non convertible debenture issued				
360 ONE WAM Limited (Formerly known as	-	3.10	-	3.10
IIFL Wealth Management Limited)	-	-	-	-
IIFL Securities Limited	-	-	-	-
	-	(1.97)	-	(1.97)
IIFL Facilities Services Limited	-	-	-	-
	-	0.00	-	0.00
Loan & other receivable				
Mr. Shankar Subramanian	-	-	0.14	0.14
	-	-	(0.20)	(0.20)
Gratuity payable *				
Mr.Nirmal Jain	-	-	0.15	0.15
	-	-	(0.15)	(0.15)
Mr.Kapish Jain (w.e.f November 01, 2022)	-	-	0.01	0.01
	-	-	-	-
Mrs. Sneha Patwardhan	-	-	0.01	0.01
	-	-	(0.00)	(0.00)
Mr.Rajesh Rajak (upto October 31, 2022)	-	-	-	-
	-	-	(0.01)	(0.01)
Leave encashment payable *				
Mr.Nirmal Jain	-	-	0.89	0.89
	-	-	(0.64)	(0.64)
Mr.Kapish Jain (w.e.f November 01, 2022)	-	-	0.02	0.02
	-	-	-	-
Mrs. Sneha Patwardhan	-	-	0.00	0.00
	-	-	(0.00)	(0.00)
Mr. Rajesh Rajak (upto October 31, 2022)	-	-	-	-
	-	-	0.01	0.01

* Based on actuarial valuation report

**ICD Transactions are including Intraday

Wherever amount is less than ₹ 0.01 Crores,shown as ₹ 0.00

(Figure in bracket represents previous year figure)

NOTE 42. CORPORATE SOCIAL RESPONSIBILITY:

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
(a) Amount required to be spent	8.70	8.20
(b) Amount of expenditure incurred	8.70	5.74
(c) Shortfall at the end of the year	-	2.46
(d) Total of previous years shortfall	-	-
(e) Nature of CSR activities	Promoting Education and Healthcare, eradicating poverty	

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Reason for shortfall during previous year: The Company during the previous year had contributed towards the ongoing projects to IIFL Foundation Limited and which remained unspent as on March 31, 2022 resulting in shortfall.The unspent amount has been transferred to a separate Bank account and will be spent during the FY 2022-23.

The Company contributes its CSR requirement to India Infoline Foundation Limited, a group Company.

NOTE 43.1 MATURITY ANALYSIS OF ASSETS AND LIABILITIES AS AT MARCH 31, 2023

(₹ in Crores)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	1,762.39	-	1,762.39
(b)	Bank balance other than (a) above	1,331.08	75.99	1,407.07
(c)	Derivative financial instruments	44.00	128.37	172.37
(d)	Receivables			
	(i) Trade receivables	65.59	0.92	66.51
	(ii) Other receivables	151.96	-	151.96
(e)	Loans	10,109.56	4,439.78	14,549.34
(f)	Investments	143.13	3,636.56	3,779.69
(g)	Other financial assets	464.84	402.18	867.02
[2]	**Non-financial assets**			
(a)	Current tax assets	-	225.77	225.77
(b)	Deferred tax assets (net)	-	31.80	31.80
(c)	Investment property	-	293.70	293.70
(d)	Property, plant and equipment	-	147.79	147.79
(e)	Capital work-in-progress	27.30	0.10	27.40
(f)	Right of-use assets	-	328.23	328.23
(g)	Other intangible assets	-	2.95	2.95
(h)	Other non-financial assets	191.40	69.10	260.50
(i)	Assets held for sale	7.85	-	7.85
	Total Assets	**14,299.10**	**9,783.24**	**24,082.34**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	29.36	3.78	33.14
(b)	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	132.81	0.57	133.38
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Sr. No	Particulars	Within 12 months	After 12 months	Total
(c)	Finance lease obligation	79.42	272.80	352.22
(d)	Debt securities	2,870.10	2,323.99	5,194.09
(e)	Borrowings (other than debt securities)	3,819.67	6,707.22	10,526.89
(f)	Subordinated liabilities	59.13	1,600.38	1,659.51
(g)	Other financial liabilities	894.33	-	894.33
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities	29.63	-	29.63
(b)	Provisions	42.56	8.70	51.26
(c)	Other non-financial liabilities	92.98	-	92.98
[3]	**Equity**			
(a)	Equity share capital	-	76.09	76.09
(b)	Other equity	-	5,038.82	5,038.82
	Total Liabilities and Equity	**8,049.99**	**16,032.35**	**24,082.34**

NOTE 43.2 MATURITY ANALYSIS OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

(₹ in Crores)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	4,356.94	-	4,356.94
(b)	Bank balance other than (a) above	1,001.60	250.27	1,251.87
(c)	Derivative financial instruments	-	64.41	64.41
(d)	Receivables			
	(i) Trade receivables	140.52	0.02	140.54
	(ii) Other receivables	15.80	-	15.80
(e)	Loans	7,906.80	4,977.25	12,884.05
(f)	Investments	0.00	2,448.85	2,448.85
(g)	Other financial assets	152.35	366.47	518.82
[2]	**Non-financial assets**			
(a)	Current tax assets	-	227.02	227.02
(b)	Deferred tax assets (net)	-	158.50	158.50
(c)	Investment property	-	288.51	288.51
(d)	Property, plant and equipment	-	134.82	134.82
(e)	Capital work-in-progress	5.14	0.50	5.64
(f)	Right of-use assets	-	297.25	297.25
(g)	Other intangible assets	-	1.92	1.92
(h)	Other non-financial assets	85.01	248.71	333.72
(i)	Assets held for sale	7.84	-	7.84
	Total Assets	**13,672.00**	**9,464.50**	**23,136.50**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	6.22	143.24	149.46
(b)	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	85.15	1.02	86.17
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	9.91	-	9.91
(c)	Finance lease obligation	68.04	259.58	327.62
(d)	Debt securities	774.35	4,330.93	5,105.28
(e)	Borrowings (other than debt securities)	2,975.42	6,795.65	9,771.07
(f)	Subordinated liabilities	80.27	1,289.37	1,369.64
(g)	Other financial liabilities	1,758.71	26.02	1,784.73
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities	18.44	-	18.44
(b)	Provisions	34.28	7.10	41.38
(c)	Other non-financial liabilities	45.90	-	45.90
[3]	**Equity**			
(a)	Equity share capital	-	75.92	75.92
(b)	Other equity	-	4,350.98	4,350.98
	Total Liabilities and Equity	**5,856.69**	**17,279.81**	**23,136.50**

44. DISCLOSURE AS REQUIRED UNDER ANNEX XVI- RBI MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 DATED SEPTEMBER 01, 2016 AS MAY BE AMENDED FROM TIME TO TIME AND RBI/2022-23/26 - DOR.ACC.REC.NO.20/21.04.018/2022-23 DATED APRIL 19, 2022:

(i) Capital Adequacy Ratio

₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR (%)	20.38%	23.85%
CRAR - Tier I Capital (%)	12.85%	16.02%
CRAR - Tier II Capital (%)	7.53%	7.83%
Amount of subordinate debt raised as Tier- II capital	300.00	50.00
Amount raised by issue of perpetual debt instruments.	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(ii) Disclosure of Investments

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Value of Investments		
Gross value of Investments*	**4,109.59**	**2,810.94**
(a) In India	4,109.59	2,810.94
(b) Outside India	-	-
Provision for depreciation/diminution	**329.90**	**362.09**
(a) In India	329.90	362.09
(b) Outside India	-	-
Net value of investments	**3,779.69**	**2,448.85**
(a) In India	3,779.69	2,448.85
(b) Outside India	-	-
Movement of provisions held towards depreciation on Investments		
Opening Balance	362.09	2.40
Add: Provision made during the year	-	362.09
Less : Write -off / write-back of excess provisions during the year	(32.19)	(2.40)
Closing balance	**329.90**	**362.09**

* Includes Mark to Market Gain of ₹ 108.63 Crores (P.Y ₹ 68.57 Crores)

(iii) Derivatives:

(a) Forward Rate Agreement / Interest Rate Swap

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
The notional principal of Forward/swap agreements	5,374.29	4,389.88
Losses which would be incurred if counterparties failed to fulfill their obligation under the agreements.	172.37	64.41
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	5,374.29	4,389.88
The fair value of swap book	139.23	(85.05)

(b) Exchange traded Interest Rate "IR" derivatives

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Notional principal amount of exchange traded IR derivatives undertaken		
- Forward Rate agreements	-	-
Total	-	-
Notional principal amount of exchange traded IR derivatives outstanding		
- Forward Rate agreements	-	-
Total	-	-
Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
Mark to market value of exchange traded IR derivative outstanding and not highly effective	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(c) Disclosures on Risk Exposure in Derivatives:

(I) Qualitative disclosure:

a) Structure and organization for management of risk in derivatives trading:

The Board of Directors, the Asset Liability Management Committee (ALCO) and the Risk Management Committee (RMC) are entrusted with the management of risks in derivatives.

The philosophy and framework for the derivative business is laid out in the Board approved policies including limits. It also reviews the market risk exposures of derivatives against the limits. The Risk Management Committee reviews all risks on a consolidated basis and also reviews stress testing.

The monitoring and measurement of risk in derivatives is carried out by the Risk Department. The Risk Department is independent of the Treasury Front office, back office and directly reports into the Chief Risk Officer.

b) Scope and nature of risk measurement, risk reporting and risk monitoring systems:

All significant risks of the derivative portfolio are monitored and measured daily. The Risk Department measures and reports Market Risk metrics like VaR, PV01, Option Greeks like Delta, Gamma, Vega, Theta, Rho, etc. The Credit Risk from the derivatives portfolio is also measured daily.

The Risk Department monitors these exposures against the set limits and also reviews profitability on a daily basis. MIS is sent to relevant teams on a periodic basis. Exception reports are also sent so that emerging risks are reviewed and managed on a timely basis. Stress testing is also performed on the Derivative portfolio.

c) Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

The Board Approved 'Hedging Policy' details the hedging strategies, hedging processes, accounting treatment, documentation requirements and effectiveness testing for hedges.

Hedges are monitored for effectiveness periodically, in accordance with the Board Approved Policy.

d) Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index/ Stock Futures/Currency Futures/Interest Rate Futures and/or Equity Index/Stock Options/ Currency Options as the case may be ("Derivatives Portfolio") which are released on final settlement/squaring-up of underlying contracts are disclosed under the head "Other Current Assets".

"Equity Index/Stock Option/Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively which is amortized over the period of contract.

On final settlement or squaring up of contracts for Derivatives Portfolio, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. On settlement or squaring up of Derivatives Portfolio before expiry, the premium,prevailing in "Equity Index/Stock Option/ Currency Option Premium Account" on that date is recognized in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market/Unrealized Profit/(Loss) on all outstanding Derivative portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis with net unrealized losses on scrip basis being recognized in the Other Comprehensive Income.

(II) Quantitative Disclosure

(₹ in Crores)

Particulars	FY 2022-23		FY 2021-22	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
Derivatives (Notional Principle Amount):				
- For hedging *	4,678.79	695.50	3,694.38	695.50
Marked to market positions:				
a) Asset	145.89	26.48	45.85	18.56
b) Liability	33.14	-	149.46	-
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

* The Company has opted for hedge accounting under Ind AS 109 as stated under the significiant accounting policies.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(iv) Disclosures pertaining to securitization transactions

The Company sells loans through securitization and direct assignment.

(A) The information on securitization done by the Company as an originator is given below:

Particulars	March 31, 2023	March 31, 2022
Total number of loan assets under par structure	-	2,99,960
Total book value of loan assets (₹ in Crores)	-	1,682.00
Sale consideration received (₹ in Crores)	-	1,682.00

The information on securitization of the Company as an originator in respect of outstanding amount of securitized assets is given below:

(₹ in Crores)

Particulars	March 31, 2023	March 31, 2022
No. of SPVs sponsored by the Company for securitization transactions	2	12
Total amount of securitized assets as per the books of SPVs sponsored by the Company	564.26	1,989.23
Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet	-	-
Other amount of Securtized assets as per the books of SPV sponsored by the Company	-	-
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	52.80	226.73
Investment in PTC	-	-
Overcollateralization	80.00	236.50
Amount of exposures to securitization transaction other than MRR	-	2.07
a) Off - Balance Sheet Exposures		
i) Exposures to own securitizations		
First Loss	-	-
Others	-	-
ii) Exposures to third party securitizations		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own securitizations		
First Loss	-	-
Others	-	-
ii) Exposures to third party securitizations		
First Loss	-	-
Others	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(B) The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below:

Particulars	March 31, 2023	March 31, 2022
Total number of loan assets under par structure	11,10,696	11,87,478
Total book value of loan assets (₹ in Crores)	1,00,63.15	8,706.63
Sale consideration received (₹ in Crores)	1,00,63.15	8,706.63

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 Crores)

Particulars	March 31, 2023	March 31, 2022
No. of transactions assigned by the Company	68	34
Total amount outstanding	9,308.70	7,974.24
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet	930.87	797.42
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	-	-
Exposures to own assigned transactions	-	-
Amount of exposures to assigned transaction other than MRR	-	-
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	-	-
Others	-	-
ii) Exposures to third party assigned tranactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	-	-
Others	-	-
ii) Exposures to third party assigned tranactions		
First Loss	-	-
Others	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(v) Asset liability management maturity pattern

As at March 31, 2023

(₹ in Crores)

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Loans & Advances*	1,761.23	1,955.26	1,492.89	2,198.79	1,947.49	3,824.09	415.79	18.19	13,613.73
Other Advances	77.02	85.10	110.77	24.23	638.21	0.28	-	-	935.61
Investments	143.13	-	-	-	-	971.25	-	2,665.31	3,779.69
Borrowings (Includes foreign currency borrowings)	2836.81	599.15	485.63	826.02	2,001.28	6,148.75	1,886.66	2,596.20	17,380.49
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Net of ECL Provision of ₹ 505.20 Crores

As at March 31, 2022

(₹ in Crores)

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Loans & Advances*	1,424.28	1,437.51	1,191.25	2,152.62	1,678.42	3,437.94	551.64	156.09	12,029.74
Other Advances	106.62	116.83	152.37	378.56	68.83	-	-	31.09	854.31
Investments	-	-	-	-	19.78	83.30	935.44	1,410.33	2,448.85
Borrowings (Includes foreign currency borrowings)	194.27	545.75	475.55	676.52	1,937.92	9,341.23	1,258.77	1,815.99	16,245.99
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Net of ECL Provision of ₹ 595.32 Crores

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(vi) Exposure to Real Estate Sector

(₹ in Crores)

Category	March 31, 2023	March 31, 2022
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.	1,492.34	2,479.50
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residentail building, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.)	519.19	708.02
Total Direct Exposure (A)	**2,011.53**	**3,187.52**
b) Indirect Exposure (B)	**1,410.42**	**1,670.97**
Total Exposure to Real Estate Sector (A+B)	**3,421.95**	**4,858.49**

Note: Exposure includes amount outstanding including principal and interest overdue but excluding sanctioned undisbursed amounts.

(vii) Exposure to Capital Market:

(₹ in Crores)

Particulars	March 31, 2023	March 31, 2022
(i) Direct investment in equity shares, convertibles bonds, convertible debentures and unit of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.00	0.00
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investments in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and unit of equity-oriented mutual funds;	441.57	529.42
(iii) Advances for any other purpose where shares or convertible bonds or convertibles debentures or units of equity-oriented mutual funds are taken as primary security;	7.94	6.83
(iv) All exposures to Venture Capital Funds & Alternative Investment Funds - Category - II	971.25	955.22
Total Exposure to Capital Market	**1,420.76**	**1,491.47**

Note:

(a) Exposure includes amount outstanding including principal and interest overdue.

(b) The above excludes direct equity and debt investment in own subsidiary companies.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(viii) No penalty has been imposed during the year by RBI or other regulators.

(ix) Details of Credit Ratings:

A) Ratings assigned by Credit Rating Agencies:

(₹ in Crores)

Rating Agency	Product	As at March 31, 2023		As at March 31, 2022	
		Amount	Rating assigned	Amount	Rating assigned
CARE Ratings Limited	Non Convertible Debenture	537.50	CARE AA; Stable [Double A; Outlook: Stable]	825.00	CARE AA; Stable [Double A; Outlook: Stable]
CARE Ratings Limited	Long Term Bank Facilities	400.00	CARE AA; Stable [Double A; Outlook: Stable]	400.00	CARE AA; Stable [Double A; Outlook: Stable]
CARE Ratings Limited	Subordinate Debt	100.00	CARE AA; Stable [Double A; Outlook: Stable]	100.00	CARE AA; Stable [Double A; Outlook: Stable]
ICRA Limited	Non Convertible Debentures Programme	8,525.23	[ICRA]AA ;Stable; reaffirmed	8,866.27	[ICRA]AA ;Stable; reaffirmed
ICRA Limited	Commercial Paper programme	8,000.00	[ICRA]A1+; reaffirmed	8,000.00	[ICRA]A1+; reaffirmed
ICRA Limited	Subordinate Debt Programme	710.00	[ICRA]AA ;Stable; reaffirmed	745.00	[ICRA]AA ;Stable; reaffirmed
ICRA Limited	Long Term Bank Lines	5,775.00	[ICRA]AA ;Stable; reaffirmed	5,775.00	[ICRA]AA ;Stable; reaffirmed
ICRA Limited	Long Term Principle Protected Equity Linked Debenture Programme	500.00	PP-MLD[ICRA] AA ; reaffirmed; Stable	500.00	PP-MLD[ICRA] AA ; reaffirmed; Stable
ICRA Limited	Long Term Principle Protected Market Linked Debenture Programme	364.00	PP-MLD[ICRA] AA ; reaffirmed; Stable	364.00	PP-MLD[ICRA] AA ; reaffirmed; Stable
ICRA Limited	Commercial Paper programme (IPO financing)	8,000.00	[ICRA]A1+; reaffirmed	8,000.00	[ICRA]A1+; reaffirmed
ICRA Limited	Non convertible debenture programme	5,000.00	[ICRA]AA ; Stable, assigned	-	-
CRISIL Limited	Non Convertible Debentures *	5,000.00	CRISIL AA/Stable (Reaffirmed)	5,000.00	CRISIL AA/Stable (Reaffirmed)
CRISIL Limited	Subordinate Debt	5.00	CRISIL AA/Stable (Reaffirmed)	348.37	CRISIL AA/Stable (Reaffirmed)
CRISIL Limited	Long Term Principal Protected Market Linked Debentures	1,100.00	CRISIL PP-MLD AAr/Stable (Reaffirmed)	1,500.00	CRISIL PP-MLD AAr/Stable (Reaffirmed)
CRISIL Limited	Commercial Paper programme (IPO financing)	500.00	CRISIL A1+ (Reaffirmed)	8,000.00	CRISIL A1+ (Reaffirmed)
CRISIL Limited	Commercial Paper	8,500.00	CRISIL A1+ (Reaffirmed)	8,500.00	CRISIL A1+ (Reaffirmed)
CRISIL Limited	Total Bank Loan Facilities Rated (Long Term Rating)	4,000.00	CRISIL AA/Stable (Reaffirmed)	2,000.00	CRISIL AA/Stable (Reaffirmed)
CRISIL Limited	Non Convertible Debentures *	3,686.30	CRISIL AA/Stable (Reaffirmed)	2,825.00	CRISIL AA/Stable (Reaffirmed)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Rating Agency	Product	As at March 31, 2023		As at March 31, 2022	
		Amount	Rating assigned	Amount	Rating assigned
CRISIL Limited	Non Convertible Debentures *	1,513.84	CRISIL AA/Stable (Reaffirmed)	2,402.00	CRISIL AA/Stable (Reaffirmed)
Brickwork Ratings	NCDs (Public Issue)	1,513.84	BWR AA+ Negative Reaffirmed	1,513.84	BWR AA+ Negative Reaffirmed
Brickwork Ratings	Non Convertible Debentures	493.43	BWR AA+ Negative Reaffirmed	842.26	BWR AA+ Negative Reaffirmed
Brickwork Ratings	Secured Non Covertible Debentures	5.00	BWR AA+ Negative Reaffirmed	5.00	BWR AA+ Negative Reaffirmed
Brickwork Ratings	NCDs (Public Issue proposed)	5,000.00	BWR AA+ Negative Assigned	-	-
Moody's	Corporate family rating (CFR)	-	B2 / Stable	-	B2 / Stable
Moody's	Long-term foreign- and local-currency senior secured ratings to US$ 1 Billion Medium Term Note (MTN) programme	US$ 1000 M	B2 / Stable	US$ 1000 M	B2 / Stable
Fitch	Senior secured notes issued under US$ 1 Billion Medium Term Note (MTN) Programme	US$ 1000 M	B+ / Affirmed	US$ 1000 M	B+ / Affirmed
Fitch	Senior secured notes issued under US$ 400 Million bond	US$ 400 M	B+ / Affirmed	US$ 400 M	B+ / Affirmed
Fitch	Long-Term Issuer Default Rating (IDR)	-	B+	-	B+

*Interchangeable between secured and subordinated debt.

B) There are no migration of credit ratings during the year.

(x) No registration has been obtained from other financial regulators.

(xi) Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2023 & March 31, 2022 following are having Nil disclosure:

a. Draw down from reserves.

b. Overseas assets (for those with joint ventures and subsidiaries abroad).

c. Off- Balance Sheet SPVs sponsored.

d. Financing of parent company products.

e. Postponement of revenue recognition.

f. Auditors have not expressed modified opinion on the audited financial statements.

g. Items of income & expenditure of exceptional nature.

h. Breach in terms of covenants in respect of loans availed by the Company or debt securities issued by the Company including incidence/s of default.

i. Divergence in asset classification and provisioning above a certain threshold to be decided by the RBI.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(xii) The Company during the year ended has not exceeded single borrower limit (SGL)/ group borrower limit (GBL) while performing its lending operations.

(xiii) Remuneration paid to Non Executive Directors:

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Mr. Arun Kumar Purwar	0.28	0.22
Mrs. Geeta Mathur	0.26	0.24
Mr. Nilesh Vikamsey	0.25	0.24
Mr. Ramakrishnan Subramanian (w.e.f September 06, 2021)	0.25	0.07
Mr. Vibhore Sharma (w.e.f July 01, 2021) (upto August 31, 2022)	0.06	0.10
Mr. Vijay Kumar Chopra	0.21	0.25
Total	**1.31**	**1.12**

(xiv) Details of Provisions and Contingencies

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Provision for depreciation on investment	(32.19)	359.69
Provision towards non performing advances	(68.51)	(48.56)
Other Provision and Contingencies:		
Bad debts written off/(back)	355.15	723.83
Provision for Contingencies/Other financial assets	10.69	9.03
Provision for Standard Assets	(11.80)	(167.40)
Total	**253.34**	**876.59**
Provision made towards Income Tax	237.23	221.89

(xv). Details Of Concentration Of Advances, Exposures & NPA:

a) Concentration of Advances

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Total advances to twenty largest borrowers	2,077.63	2,360.29
Outstanding Advances	14,047.88	12,625.07
Percentage of advances to twenty largest borrowers to total advances	14.79%	18.70%

b) Concentration of Exposures

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to twenty largest borrowers / customers	2,185.30	3,447.50
Percentage of exposure to twenty largest borrowers / customers to total exposure	15.41%	24.40%

c) Concentration of NPAs

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to top four NPA accounts	10.68	124.01

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

d) Details Of Sectorwise NPA:

Particulars	% of NPAs to total advances in that sector					
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
	As at March 31, 2023			As at March 31, 2022		
1. Agriculture & allied activities	-	-	0.00%	-	-	0.00%
2. Industry						
a. Micro & Small - SME**	1,238.39	43.92	3.55%	879.20	129.87	14.77%
3. Services						
a. Commercial & Residential Real Estate	2,009.12	10.44	0.52%	3,497.71	123.11	3.52%
4. Personal Loans						
a. Loans against Gold Jewellery	8,329.51	66.68	0.80%	7,852.15	67.76	0.86%
b. Advances to Individuals against share, bonds, etc.	449.52	-	0.00%	551.21	-	0.00%
c. Loan against property	729.88	7.74	1.06%	-	-	0.00%
d. Others	1,142.53	50.75	4.44%	949.08	43.88	4.62%
5. Other loans*	280.79	1.79	0.64%	399.05	1.82	0.46%

* Other loans include all loans that cannot be classified under any of the other sectors.

** Higher GNPA in Micro & Small SME Sector as on 31st March 2022 is mainly due to two factors one being impact of the Covid restructured book which was under stress and second is on account of new RBI guidelines for NPA classification dated 12th November 2021

(xvi) Movement of NPAs:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Net NPAs to Net Advances (%)	0.64%	1.63%
(ii) Movement of NPAs (Gross)		
(a) Opening balance*	406.21	408.04
(b) Addition during the year	178.25	274.02
(c) Reduction during the year	(381.96)	(275.86)
(d) Closing balance*	202.49	406.21
* Includes Interest of ₹ 21.17 Crores (P.Y ₹ 39.76 Crores)		
(iii) Movement of Net NPAs		
(a) Opening balance	206.30	143.25
(b) Addition during the year	82.61	160.51
(c) Reduction during the year	(199.22)	(97.46)
(d) Closing balance	89.69	206.30
(iv) Movement of provision for NPAs (excluding provision on standard assets)		
(a) Opening balance**	199.91	264.80
(b) Addition during the year	95.64	113.51
(c) Reduction during the year	(182.74)	(178.40)
(d) Closing balance**	112.81	199.91
** Includes Interest of ₹ 21.17 Crores (P.Y ₹ 39.76 Crores)		

Note: The above has been computed basis EAD for credit impaired advances.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(xvii). Disclosure of Complaints:

Particulars		FY 2022-23	FY 2021-22
i.	Number of complaints pending at the beginning of year	172	54
ii.	Number of complaints received during the year	10,213	14,096
iii.	Number of complaints redressed during the year	10,335	13,978
iv.	Number of complaints pending at the end of the year	50	172

Maintainable complaints received by the NBFC from Office of Ombudsman

Particulars		FY 2022-23	FY 2021-22
Number of maintainable complaints received by the NBFC from Office of Ombudsman		595	578
a.	number of complaints resolved in favour of the NBFC by Office of Ombudsman	591	578
b.	number of complaints resolved through conciliation/mediation / advisories issued by Office of Ombudsman	2	0
c.	number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	2	0
d.	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	of the above number of complaints pending beyond 30 days
1	2	3	4	5	6
			Current Year		
Waiver/Refund	62	4,081	-20.59%	14	-
CIBIL Updation	-	2,196	2453.49%	1	-
Payments	8	757	-38.15%	6	-
Collections	8	670	-55.33%	7	-
Branch Experience	5	566	54.64%	11	-
Others	89	1,943	-66.39%	11	-
Total	**172**	**10,213**		**50**	**-**
			Previous Year		
Waiver/Refund	28	5,139	31.90%	62	-
CIBIL Updation	1	86	86.96%	-	-
Payments	-	1,224	4433.33%	8	-
Collections	3	1,500	167.86%	8	-
Branch Experience	-	366	65.61%	5	-
Others	22	5,781	127.51%	89	-
Total	**54**	**14,096**		**172**	**-**

Note:

(i) The above includes not only complaints but also queries received from the customers for the various grounds as mentioned above.

(ii) CIBIL updation includes 2096 queries/complaints in FY 2022-23 (P.Y Nil) received from the customers onboarded by Fintech Partners.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(xviii) Disclosure of restructured accounts:

Details for FY 2022-23

(₹ in Crores)

Sr. No.	Type of Restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1.	Restructured Accounts as on April 01 of the FY-2022 (opening figures)*	No. of borrowers	-	-	-	-	-	3,209	451	6	980	4,646	4,646
		Amount outstanding	-	-	-	-	-	203.46	109.12	0.41	37.21	350.20	350.20
		Provision thereon	-	-	-	-	-	34.89	43.36	0.21	29.71	108.17	108.17
2.	Fresh restructuring during the year 2022-2023	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
3.	Upgradations to restructured standard category during the FY 2022-2023[1]	No. of borrowers	-	-	-	-	-	4	(3)	1	(2)	-	-
		Amount outstanding	-	-	-	-	-	0.05	(0.05)	0.01	(0.01)	-	-
		Provision thereon	-	-	-	-	-	0.01	(0.01)	0.01	(0.01)	(0.00)	(0.00)
4.	Increase / Decrease in existing restructured accounts	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	(12.34)	(0.21)	-	(0.02)	(12.57)	(12.57)
		Provision thereon	-	-	-	-	-	(0.47)	0.34	-	(0.01)	(0.14)	(0.14)
5.	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2022 and hence need not be shown as restructured standard advances at the beginning of the next FY 2023	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6.	Downgradations of restructured accounts during the FY 2023[1]	No. of borrowers	-	-	-	-	-	(205)	26	3	176	-	-
		Amount outstanding	-	-	-	-	-	(9.07)	2.59	0.43	6.04	-	-
		Provision thereon	-	-	-	-	-	(1.49)	0.33	0.05	1.12	(0.00)	(0.00)
7.	Fully recovered / Write-offs of restructured accounts during the FY 2022-2023	No. of borrowers	-	-	-	-	-	(2,662)	(424)	(6)	(937)	(4,029)	(4,029)
		Amount outstanding	-	-	-	-	-	(161.53)	(108.86)	(0.57)	(38.22)	(309.18)	(309.18)
		Provision thereon	-	-	-	-	-	(29.22)	(41.81)	(0.11)	(26.74)	(97.88)	(97.88)
8.	Restructured Accounts as on March 31 of the FY 2023 (closing figures*)	No. of borrowers	-	-	-	-	-	346	50	4	217	617	617
		Amount outstanding	-	-	-	-	-	20.57	2.60	0.28	5.01	28.46	28.46
		Provision thereon including provision for diminution in fair value	-	-	-	-	-	3.72	2.20	0.15	4.08	10.15	10.15

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

1. For accounts which have transitioned from one asset category to another, Mar'22 provision has been considered for previous asset category and Mar'23 Provision has been considered for updated asset category

Details of MSME Accounts Restructured as per instructions given by RBI in its circular dated January 01, 2019:

No. of Accounts Restructured	Amount (₹ in Crores)
346	20.57

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(xviii) Disclosure of restructured accounts:

Details for FY 2021-22

(₹ in Crores)

Sr. No.	Type of Restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1.	Restructured Accounts as on April 01 of the FY 2021 (opening figures)*	No. of borrowers	-	-	-	-	-	4,062	12	23	708	4,805	4,805
		Amount outstanding	-	-	-	-	-	232.32	0.55	17.74	26.61	277.21	277.21
		Provision thereon	-	-	-	-	-	21.40	0.43	8.80	22.50	53.13	53.13
2.	Fresh restructuring during the year 2021-2022	No. of borrowers	-	-	-	-	-	867	105	-	115	1,087	1,087
		Amount outstanding	-	-	-	-	-	47.20	85.21	-	5.10	137.52	137.52
		Provision thereon	-	-	-	-	-	7.46	38.44	-	4.16	50.06	50.06
3.	Upgradations to restructured standard category during the FY 2021-2022[2]	No. of borrowers	-	-	-	-	-	60	8	(2)	(66)	-	-
		Amount outstanding	-	-	-	-	-	3.58	0.42	(0.34)	(3.19)	0.48	0.48
		Provision thereon	-	-	-	-	-	0.62	0.16	(0.16)	(2.65)	(2.03)	(2.03)
4.	Increase / Decrease in existing restructured accounts	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	13.62	-	(0.00)	0.03	13.64	13.64
		Provision thereon	-	-	-	-	-	15.64	-	0.01	(0.23)	15.42	15.42
5.	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2021 and hence need not be shown as restructured standard advances at the beginning of the next FY 2022	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6.	Downgradations of restructured accounts during the FY 2021-2022[1]	No. of borrowers	-	-	-	-	-	(931)	334	-	597	-	-
		Amount outstanding	-	-	-	-	-	(46.65)	23.34	-	25.91	2.60	2.60
		Provision thereon	-	-	-	-	-	(4.22)	4.64	-	20.67	21.08	21.08
7.	Fully recovered / Write-offs of restructured accounts during the FY 2021-2022	No. of borrowers	-	-	-	-	-	(849)	(8)	(15)	(374)	(1,246)	(1,246)
		Amount outstanding	-	-	-	-	-	(46.62)	(0.40)	(16.99)	(17.25)	(81.25)	(81.25)
		Provision thereon	-	-	-	-	-	(6.01)	(0.31)	(8.43)	(14.74)	(29.49)	(29.49)
8.	Restructured Accounts as on March 31 of the FY 2022 (closing figures*)	No. of borrowers	-	-	-	-	-	3,209	451	6	980	4,646	4,646
		Amount outstanding	-	-	-	-	-	203.46	109.12	0.41	37.21	350.20	350.20
		Provision thereon including provision for diminution in fair value	-	-	-	-	-	34.89	43.36	0.21	29.71	108.17	108.17

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

1. PD & LGD rate of last year has been considered for calculation
2. For accounts which have transitioned from one asset category to another, Mar'21 provision has been considered for previous asset category and Mar'22 Provision has been considered for updated asset category

Details of MSME Accounts Restructured as per instructions given by RBI in its circular dated January 01, 2019

No. of Accounts Restructured	Amount (₹ in Crores)
3209	203.46

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(xix) Asset Classification

(₹ in Crores)

Particulars	Outstanding Balance	Provision
Standard Assets	14,377.42	392.62
	(12,822.01)	(404.42)
Sub-Standard Assets	181.12	94.36
	(285.21)	(127.04)
Doubtful Assets	14.44	11.51
	(120.99)	(72.87)
Loss Assets	6.93	6.93
	-	-

Note:

a. ECL provisioning for Stage 1,2 & SICR of ₹ 392.62 Crores (P.Y ₹ 404.42 Crores) consists of interest accrued but not due and Interest overdue of ₹ 42.99 Crores (P.Y ₹ 46.16 Crores).

b. Asset classification is as per Reserve Bank of India guidelines and provision is as per Expected Credit Loss methodology as per Ind AS which is higher than the minimum required as per prudential norms.

c. As the ECL provisions is higher than provision required under IRACP (Income Recognition, Assets Classification & Provisioning, there is no requirement to create Impairement allowance.

d. Figures in bracket represent previous year's figures.

(xx) Particulars as per RBI Directions as required in terms of paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016:

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

(₹ in Crores)

Particulars	March 31, 2023				March 31, 2022			
	Principal Amount outstanding	Interest Accrued but not due	Amount overdue	Total	Principal Amount outstanding	Interest Accrued but not due	Amount overdue	Total
Liability side:								
a) Debentures								
Secured	2,771.48	111.51	-	2,882.99	2,475.10	109.46	-	2,584.55
Unsecured (other than falling within the meaning of public deposits)	1,567.97	91.54	-	1,659.51	1,304.74	64.90	-	1,369.64
(b) Deferred credits	-	-	-	-	-	-	-	-
(c) (i) Term loans from Banks	8,513.20	6.96	-	8,520.16	6,706.39	7.83	-	6,714.22
(ii) Term loans from Financial Institutions	819.39	6.50	-	825.88	753.89	5.39	-	759.28
(ii) Secured Medium Term Notes	2,250.99	60.11	-	2,311.10	2,445.03	75.70	-	2,520.73
(d) Inter–corporate loans and borrowings	-	-	-	-	-	-	-	-
(e) Commercial Paper	-	-	-	-	0.00	-	-	0.00
(f) Other Loans (Overdraft)	620.75	-	-	620.75	320.09	0.05	-	320.14
(g) Securitization	560.10	-	-	560.10	1,977.42	-	-	1,977.42
Total	**17,103.87**	**276.62**	**-**	**17,380.49**	**15,982.66**	**263.33**	**-**	**16,245.99**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Assets side (Gross Value)		
(a) Secured	12,360.44	11,478.47
(b) Unsecured	2,694.10	2,000.90
Total	**15,054.54**	**13,479.37**

Note: The above include overdue principal.

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other Loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

4. Break–up of Investments (Net of Provisions):

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Investments :		
1 Quoted :		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	138.09	-
(iii) Units of mutual funds	0.00	0.00
(iv) Government Securities	5.04	-
(v) Others (Certificate of Deposits)	-	-
2 Unquoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
Total (A)	**143.13**	**0.00**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
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	1,907.81	1,410.33
(b) Preference of subsidiary companies	-	-
(c) Preference of other companies	38.17	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others		
(a) Security Receipts	1,049.24	83.30
(b) Alternative Investment Funds	641.33	955.22
Total (B)	**3,636.56**	**2,448.85**
Grand Total (A+B)	**3,779.69**	**2,448.85**

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

(₹ in Crores)

Category	As at March 31,2023			As at March 31,2022		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties	**-**	**0.14**	**0.14**	**-**	**0.20**	**0.20**
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	-	-
c) Other related parties	-	0.14	0.14	-	0.20	0.20
2. Other than related parties	12,360.44	2,693.96	15,054.40	11,478.47	2,000.69	13,479.17
Total	**12,360.44**	**2,694.10**	**15,054.54**	**11,478.47**	**2,000.90**	**13,479.37**

*Including Interest etc of ₹ 1,006.66 Crores (P.Y ₹ 854.31 Crores)

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

Category	As at March 31,2023		As at March 31,2022	
	Market Value Breakup or fair value or NAV	Book value (Net of provisions)	Market Value Breakup or fair value or NAV	Book value (Net of provisions)
1 Related Parties				
a) Subsidiaries*	1,907.81	1,907.81	1,410.33	1,410.33
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	1,871.88	1,871.88	1,038.52	1,038.52
Total	**3,779.69**	**3,779.69**	**2,448.85**	**2,448.85**

* Includes Investments in equity shares of subsidiaries carried at cost and fair value is not disclosed

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

7. Other Information:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties*	202.49	406.21
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	89.69	206.30
(iii) Assets acquired in satisfaction of debt (Fair Value)	164.40	138.43

* Includes Interest of ₹ 21.17 Crores (P.Y ₹ 39.76 Crores)

(xxi) Particulars as per RBI Directions for auction details (As required in terms of paragraph 27 (4)(d) of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016:

Particulars	March 31, 2023	March 31, 2022
Number of gold loan accounts	82,080	3,09,450
Outstanding amount (₹ Crores)	438.35	2,114.90
Amount recovered in auction (₹ Crores)	449.16	2,087.52

None of the group companies have participated in the above auctions. The above details have been compiled by the Management and relied upon by the auditors.

NOTE 45. UNHEDGED FOREIGN CURRENCY EXPOSURE:

The unhedged foreign currency exposure as on March 31, 2023 is Nil (P.Y Nil).

NOTE 46. GOLD LOAN PORTFOLIO

As on March 31, 2023 the gold loan portfolio comprises 34.59 % (P.Y. 32.61 %) of the total assets of the Company.

NOTE 47. SEGMENT REPORTING

The Company's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Company revolve around the main business. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the Ind AS 108 on 'Segment Reporting'.

NOTE 48. SHARED SERVICES

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

NOTE 49. FRAUD

During the year under review, the Company had come across frauds totaling to ₹ 4.24 Crores (P.Y. ₹ 11.88 Crores) in respect of its lending operations. Out of the above, frauds amounting to ₹ 0.27 Crores (P.Y. ₹ 1.39 Crores) has already been recovered. Suitable action has been taken by the Company to recover the balance amounts.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 50. DISCLOSURE OF LOAN AND ADVANCES PURSUANT TO REGULATION 53(F) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

(₹ in Crores)

Name of Related Party	Outstanding as on March 31, 2023	Maximum Outstanding during the year
5paisa Capital Limited	-	400.00
IIFL Securities Limited	-	400.00
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	-	100.00

(₹ in Crores)

Name of Related Party	Outstanding as on March 31, 2022	Maximum Outstanding during the year
5paisa Capital Limited	-	350.00
IIFL Management Services Limited	-	50.00
IIFL Home Finance Limited	-	779.00
IIFL Securities Limited	-	540.00
IIFL Facilities Services Limited	-	462.00
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	-	350.00

NOTE 51. DISCLOSURE PURSUANT TO SEBI CIRCULAR NO. SEBI/HO/DDHS/P/CIR/2021/613 AUGUST 10, 2021 DATED AUGUST 10, 2021 (UPDATED AS ON APRIL 13, 2022) FOR FUND RAISING BY ISSUANCE OF DEBT SECURITIES BY LARGE ENTITIES:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Outstanding borrowing	17,380.49	16,245.99
Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	BWR AA+ (Pronounced as BWR Double A Plus) Outlook: Negative by Brickwork Ratings India Private Limited	BWR AA+ (Pronounced as BWR Double A Plus) Outlook: Negative by Brickwork Ratings India Private Limited

(₹ in Crores)

Details of the borrowings		FY 2022-23	FY 2021-22
i.	2 years block period	FY 2022-23 and FY 2023-24	FY 2021-22 and FY 2022-23
ii.	Incremental borrowing done (a)	4,273.11	5,212.99
iii.	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	1,068.28	1,303.25
iv.	Actual borrowings done through debt securities in FY (c)	1,473.11	1,562.99
v.	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c) {If the calculated value is zero or negative, write ""nil""}	Nil	Nil
vi.	Reasons for short fall, if any, in mandatory borrowings through debt securities	N.A.	N.A

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 52. PUBLIC DISCLOSURE ON LIQUIDITY RISK:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings):

(₹ in Crores)

Number of Significant Counterparties	Amount*	% of Total Deposits	% of Total Liabilities
14	9,761	NA	51.46%
(16)	(8,006)	(NA)	(42.79%)

Note : Total Liabilities represent Total Liabilities as per Balance Sheet less Total Equity

(ii) Top 20 large deposits N.A (N.A)

(iii) Top 10 borrowings:

Particulars	Amount *	% of Total Borrowings
Top 10 Borrowings (₹ in Crores)	8,797.40	50.62%
	(6,515.71)	(40.11%)

* The above table excludes details of benefeciary holders of the secured medium term note bonds

(iv) Funding Concentration based on significant instrument/product:

(₹ in Crores)

Name of the instrument/product	Amount	% of Total Liabilities
Non Convertible Debentures	6,853.60	36.13%
	(6,474.92)	(34.61%)
Term Loans	9,346.05	49.27%
	(7,473.55)	(39.95%)
Securitization	560.10	2.95%
	(1,977.42)	(10.57%)
Commercial Paper	-	-
	0.00	(0.00%)
Cash Credit / Overdraft Facilties	620.75	3.27%
	(320.09)	(1.71%)

Note: Total Liabilities represent Total Liabilities as per Balance Sheet less Total Equity

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(v) Stock Ratios:

Particulars	As at March 31, 2023	As at March 31, 2022
Commercial papers as a % of total liabilities	Nil	Nil
Commercial papers as a % of total assets	Nil	Nil
Commercial papers as a % of total public funds	Nil	Nil
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	Nil	Nil
Non-convertible debentures (original maturity of less than one year) as a % of total assets	Nil	Nil
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	Nil	Nil
Other short-term liabilities* as a % of total liabilities	6.86%	10.83%
Other short-term liabilities* as a % of total assets	5.40%	8.76%
*Other short-term liabilities as a % of total public funds	7.49%	12.47%

* Short Term liabilities means total of current liabilities as per note 44.1 & 44.2 to the financial statements as reduced by current portion of Debt Securities, Borrowings (other than debt securities) and Subordinated Liabilities.

(vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite and guard-rails approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time.

Note: Figures in bracket represent previous year's figures.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 53. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/170 DOR (NBFC).CC.PD.NO.109/22.10.106/2019-20 DATED MARCH 13, 2020:

As on March 31, 2023

(₹ in Crores)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS			Loss Allowances (Provisions) as required under Ind AS 109			Net Carrying Amount	Provision Required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)			(4)			(5)=(3)-(4)	(6)	(7)=(4)-(6)
		Principal	Others	Total	Principal	Others	Total	Total	Total	Total
Standard	Stage 1	13,174.92	474.39	**13,649.31**	331.15	43.02	**374.17**	13,275.14	54.74	**319.42**
	Stage 2	691.63	36.47	**728.11**	16.30	2.15	**18.45**	709.66	2.77	**15.68**
Subtotal		**13,866.55**	**510.86**	**14,377.42**	**347.45**	**45.17**	**392.62**	**13,984.80**	**57.51**	**335.11**
Non Performing Assets (NPA)										
Substandard (Sub- Total -(A))	**Stage 3**	**165.05**	**16.07**	**181.12**	**78.29**	**16.07**	**94.36**	**86.76**	**19.39**	**74.97**
Doubtful										
Upto 1 Year	Stage 3	4.31	0.66	**4.97**	2.43	0.66	**3.09**	1.88	2.43	**0.66**
1 to 3 years	Stage 3	2.69	0.80	**3.49**	2.09	0.80	**2.89**	0.60	2.03	**0.87**
More than 3 years	Stage 3	3.15	2.83	**5.98**	2.70	2.83	**5.53**	0.45	2.50	**3.03**
Doubtful (Sub- Total -(B))		**10.15**	**4.29**	**14.44**	**7.23**	**4.29**	**11.51**	**2.93**	**6.96**	**4.55**
Loss (Sub- Total -(C))	**Stage 3**	**6.13**	**0.81**	**6.93**	**6.13**	**0.81**	**6.93**	**-**	**6.13**	**0.81**
Subtotal of NPA (Sub- Total -(A+B+C))		**181.33**	**21.17**	**202.49**	**91.64**	**21.17**	**112.81**	**89.69**	**32.47**	**80.33**
Other items such as guarantees, loan commitments, ICD's etc, which are in the scope of Ind AS 109 but not covered under current income Recognition, Assets Classifications and Provisioning (IRACP) norms	Stage 1	-	-	**-**	-	-	**-**	-	-	**-**
	Stage 2	-	-	**-**	-	-	**-**	-	-	**-**
	Stage 3	-	-	**-**	-	-	**-**	-	-	**-**
Subtotal		-	-	**-**	-	-	**-**	-	-	**-**
Total	Stage 1	13,174.92	474.39	**13,649.31**	331.15	43.02	**374.17**	13,275.14	54.74	**319.42**
	Stage 2	691.63	36.47	**728.11**	16.30	2.15	**18.45**	709.66	2.77	**15.68**
	Stage 3	181.33	21.17	**202.49**	91.64	21.17	**112.81**	89.69	32.47	**80.33**
	Total	**14,047.88**	**532.03**	**14,579.91**	**439.08**	**66.34**	**505.42**	**14,074.48**	**89.98**	**415.44**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

As on 31 March 2022

(₹ in Crores)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS			Loss Allowances (Provisions) as required under Ind AS 109			Net Carrying Amount	Provision Required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)			(4)			(5)=(3)-(4)	(6)	(7)=(4)-(6)
		Principal	Others	Total	Principal	Others	Total	Total	Total	Total
Standard	Stage 1	11,511.13	529.19	**12,040.33**	300.61	51.64	**352.25**	11,688.08	82.30	**269.95**
	Stage 2	747.48	34.20	**781.68**	48.65	3.52	**52.17**	729.52	2.99	**49.18**
Subtotal		**12,258.62**	**563.39**	**12,822.01**	**349.25**	**55.16**	**404.42**	**12,417.59**	**85.29**	**319.13**
Non Performing Assets (NPA)										
Substandard (Sub- Total -(A))	**Stage 3**	**272.51**	**12.70**	**285.21**	**114.33**	**12.70**	**127.04**	**158.17**	**30.45**	**96.59**
Doubtful										
Upto 1 Year	Stage 3	77.36	20.62	**97.98**	32.65	20.62	**53.27**	44.71	16.82	**36.44**
1 to 3 years	Stage 3	14.38	3.01	**17.40**	11.11	3.01	**14.13**	3.27	5.34	**8.79**
More than 3 years	Stage 3	2.20	3.42	**5.62**	2.05	3.43	**5.48**	0.14	2.12	**3.36**
Doubtful (Sub- Total -(B))		**93.94**	**27.06**	**120.99**	**45.81**	**27.06**	**72.87**	**48.12**	**24.27**	**48.60**
Loss (Sub- Total -(C))	Stage 3	-	-	**-**	-	-	**-**	-	-	**-**
Subtotal of NPA (Sub- Total -(A+B+C))		**366.44**	**39.76**	**406.20**	**160.15**	**39.76**	**199.91**	**206.29**	**54.73**	**145.18**
Other items such as guarantees, loan commitments, ICD's etc, which are in the scope of Ind AS 109 but not covered under current income Recognition, Assets Classifications and Provisioning (IRACP) norms	Stage 1	-	-	**-**	-	-	**-**	-	-	**-**
	Stage 2	-	-	**-**	-	-	**-**	-	-	**-**
	Stage 3	-	-	**-**	-	-	**-**	-	-	**-**
Subtotal		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	Stage 1	11,511.13	529.19	**12,040.33**	300.61	51.64	**352.25**	11,688.08	82.30	**269.95**
	Stage 2	747.48	34.20	**781.68**	48.65	3.52	**52.17**	729.52	2.99	**49.18**
	Stage 3	366.44	39.76	**406.20**	160.15	39.76	**199.91**	206.29	54.73	**145.18**
	Total	**12,625.06**	**603.15**	**13,228.21**	**509.40**	**94.92**	**604.33**	**12,623.89**	**140.01**	**464.32**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 54. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/88 DOR.NBFC (PD) CC. NO.102/03.10.001/2019-20 DATED NOV 04, 2019:

Liquidity Risk Management Framework

As on 31 March 2023

(₹ in Crores)

Sr. No.	Particulars	As at March 31, 2023		As at December 31, 2022		As at September 30, 2022		As at June 30, 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1.	**Total High Quality Liquid Assets (HQLA)**	**1,354.90**	**1,354.90**	**806.09**	**806.09**	**1,111.46**	**1,111.46**	**1,596.15**	**1,596.15**
	Cash and Bank Balance	1,131.52	1,131.52	298.76	298.76	686.62	686.62	1,484.71	1,484.71
	Unencumbered Fixed Deposits	73.62	73.62	352.03	352.03	124.89	124.89	111.43	111.43
	Investments	149.76	149.76	155.30	155.30	299.95	299.95	-	-
	Cash Outflows								
2.	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3.	Unsecured wholesale funding	-	-	15.65	18.00	20.87	24.00	-	-
4.	Secured wholesale funding	461.24	530.42	175.44	201.75	203.73	234.29	320.87	369.00
5.	Additional requirements, of which:								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	412.64	474.54	461.13	530.30	608.92	700.26	713.61	820.65
6.	Other contractual funding obligations	1,561.66	1,795.91	1,130.72	1,300.33	1,223.74	1,407.30	1,177.65	1,354.29
7.	**Total Cash outflows**	**2,435.54**	**2,800.87**	**1,782.94**	**2,050.38**	**2,057.26**	**2,365.85**	**2,212.13**	**2,543.94**
	Cash Inflows								
8.	Secured lending	-	-	-	-	-	-	-	-
9.	Inflows from fully performing exposures	1,885.47	1,414.10	1,130.97	848.23	1,038.19	778.64	900.21	675.16
10.	Other cash inflows	1,022.54	766.91	1,181.02	885.76	1,321.13	990.85	1,683.08	1,262.31
11.	**Total Cash Inflows**	**2,908.01**	**2,181.01**	**2,311.99**	**1,733.99**	**2,359.32**	**1,769.49**	**2,583.29**	**1,937.47**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
12.	Total HQLA		1,354.90		806.09		1,111.46		1,596.15
13.	Total Net Cash Outflows		700.22		512.60		596.35		635.99
14.	Liquidity Coverage Ratio(%)		193.50%		157.26%		186.38%		250.97%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

As on 31 March 2022

(₹ in Crores)

Sr. No.	Particulars	As at March 31, 2022		As at December 31, 2021		As at September 30, 2021		As at June 30, 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1.	**Total High Quality Liquid Assets (HQLA)**	**1,353.09**	**1,353.09**	**1,398.91**	**1,398.91**	**660.92**	**660.92**	**669.26**	**669.26**
	Cash and Bank Balance	1,037.52	1,037.52	1,187.65	1,187.65	618.14	618.14	331.03	331.03
	Unencumbered Fixed Deposits	315.58	315.58	211.26	211.26	42.78	42.78	338.22	338.22
	Cash Outflows								
2.	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3.	Unsecured wholesale funding	-	-	32.61	37.50	484.24	556.88	-	-
4.	Secured wholesale funding	272.58	313.47	261.88	301.17	112.34	129.19	218.03	250.73
5.	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	649.39	746.80	376.21	432.65	219.10	251.97	99.64	114.58
6.	Other contractual funding obligations	1,785.79	2,053.66	1,968.24	2,263.48	1,891.50	2,175.23	1,883.53	2,166.05
7.	Other contingent funding obligations	-	-	-	-	-	-	-	-
8.	**Total Cash outflows**	**2,707.76**	**3,113.93**	**2,638.95**	**3,034.79**	**2,707.18**	**3,113.26**	**2,201.19**	**2,531.37**
	Cash Inflows								
9.	Secured lending	-	-	-	-	-	-	-	-
10.	Inflows from fully performing exposures	1,093.53	820.15	1,298.16	973.62	2,415.37	1,811.53	1,203.80	902.85
11.	Other cash inflows	1,510.94	1,133.21	1,307.14	980.35	1,039.13	779.35	969.23	726.93
12.	**Total Cash Inflows**	**2,604.47**	**1,953.35**	**2,605.29**	**1,953.97**	**3,454.50**	**2,590.87**	**2,173.03**	**1,629.77**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13.	Total HQLA		1,353.09		1,398.91		660.92		669.26
14.	Total Net Cash Outflows		1,160.58		1,080.82		778.31		901.60
15.	Liquidity Coverage Ratio(%)		116.59%		129.43%		84.92%		74.23%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Qualitative Disclosure

Liquidity Coverage Ratio (LCR) aims to ensure that NBFC's maintains an adequate level of unencumbered High Quality Liquidity Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The Company has robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events,including those involving the loss or impairment of both unsecured and secured funding sources. The Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold.

HQLA comprises of unencumbered Bank Balances and Fixed Deposit,Cash in Hand, Liquid Investments after appropriate haircut. The Company maintains sufficient balance of Cash and Bank Balance and liquid Investments which can be easily liquidated in times of stress.

Liquidity Coverage Ratio results drive by inflow of next 30 days receivable on loans and advances and corresponding outflow over the next 30 days towards borrowings and other liabilities.

NOTE 55. DISCLOSURE PURSUANT TO (SECURITIZATION OF STANDARD ASSETS) RESERVE BANK OF INDIA NO./ DIRECTIONS, 2021RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 - SEPTEMBER 24, 2021

(₹ in Crores)

Sr. No.	Particulars	As on March 31, 2023	As on March 31, 2022
1.	No of SPEs holding assets for securitization transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	2	12
2.	Total amount of securitized assets as per books of the SPEs	564.26	1,989.23
3.	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	-	-
	Other amount of Securtized assets as per the books of SPV sponsored by the Company	-	-
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
4.	**Amount of exposures to securitization transactions other than MRR**	-	-
	a) Off-balance sheet exposures	-	-
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	52.80	226.73
	• Others	80.00	238.56
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
5.	Sale consideration received for the securitized assets and gain/loss on sale on account of securitization	-	1,682.00
6.	Outstanding value of services provided by way of post-securitization asset servicing.	0.02	0.22

(₹ in Crores)

Sr. No.	Particulars	As on March 31, 2023	As on March 31, 2022
7.	Performance of facility provided:-		
	Credit enhancement		
	(a) Amount paid	52.80	226.73
	(b) Repayment received	Nil	Nil
	(c) Outstanding amount	52.80	226.73
	% of total value of facility provided	6.60%	7.09%
8.	Average default rate of portfolios observed in the past.	Nil	Nil
9.	Amount and number of additional/top up loan given on same underlying asset.	Nil	Nil
10.	Investor complaints (a) Directly/Indirectly received and; (b) Complaints outstanding	Nil	Nil

NOTE 56. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2020-21/16 DOR.NO.BP BC/3/21.04.048/2020-21 DATED AUGUST 06, 2020 ON RESOLUTION FRAMEWORK FOR COVID-19-RELATED STRESS:

As at March 31, 2023

(₹ in Crores)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan	Of (A), aggregate debt that slipped into NPA	Of (A) amount written off	Of (A) amount paid by the borrowers during the half-year ended March 31, 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan
Personal Loans	7.24	1.64	4.55	0.58	0.46
Corporate Loans *	200.49	7.61	155.84	16.99	20.06
of which, MSME's	189.36	7.02	150.00	16.03	16.32
Others	0.29	-	0.21	0.04	0.04
Total	**208.03**	**9.25**	**160.60**	**17.61**	**20.57**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

As at March 31, 2022

(₹ in Crores)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan	Of (A), aggregate debt that slipped into NPA	Of (A) amount written off	Of (A) amount paid by the borrowers during the half-year ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan
Personal Loans	4.59	1.72	1.13	0.44	7.24
Corporate Loans *	390.98	46.15	50.19	182.43	200.49
of which, MSME's	222.77	46.13	46.78	20.19	189.36
Others	0.53	0.08	-	0.28	0.29
Total	**396.10**	**47.95**	**51.32**	**183.15**	**208.03**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 57. DISCLOSURE PURSUANT TO (TRANSFER OF LOAN EXPOSURES) RESERVE BANK OF INDIA CIRCULAR NO. RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 DATED SEPTEMBER 24, 2021:

FOR FY-2022-23

(a) Details of transferred through assignment in respect of loans not in default:

Particulars	FY 2022-23
Count of Loan accounts assigned	11,10,696
Amount of loan accounts assigned (₹ in Crores)	11,181.28
Weighted average maturity (in months)	18
Weighted average holding period (in months)	3
Retention of beneficial economic interest	10%
Coverage of tangible security coverage	100%
Rating-wise distribution of rated loans	Unrated
Break-up of loans transferred / acquired through assignment / novation and loan participation	All Assignment deals
Instances where we have agreed to replace loans transferred to transferee(s) or pay damages arising out of any representation or warranty	Nil

(b) Details of stressed loans transferred during the year.

(₹ in Crores)

Particulars	As on March 31, 2023			
	To ARCs		To permitted transferees	To other transferees
	NPA	SMA		
Number of accounts	6,391	9	-	-
Aggregate principal outstanding of loans transferred	245.90	631.38	-	-
Weighted average residual tenor of the loans transferred	0.71	2.18	-	-
Net book value of loans transferred (at the time of transfer)	134.14	761.49	-	-
Aggregate consideration	885.00		-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-
Excess Provision reversed on account of transter	-	-	-	-

Note:- In addition to above, the Company has transferred 6,359 additional loans which have been written off, having an amount outstanding of ₹ 150.5 Cr which were part of above consideration.

(c) The Company has not acquired any stressed loan during the year and previous year.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(d) Details on recovery ratings assigned for Security Receipts (SR) as on March 31, 2023:

Recovery Rating	Anticipated recovery as per recovery rating	Book Value (₹ in Crores)
RR2^*	75% - 100%	325.40
RR2^	75% - 100%	488.82
RR1^	100% - 150%	22.92
Unrated #	100% - 150%	212.50
Total		**1,049.64**

^ Recovery rating is as assigned by external rating agency

Pursuant to regulatory norms, the ARC shall obtain initial rating of SRs from an approved credit rating agency within a period of six months from the date of acquisition of assets by it.

* Fully provided for

For FY-2021-22

(a) Details of transferred through assignment in respect of loans not in default:

Particulars	FY 2021-22
Count of Loan accounts assigned	11,87,478
Amount of loan accounts assigned (₹ in crores)	9,674.03
Weighted average maturity (in months)	18
Weighted average holding period (in months)	4
Retention of beneficial economic interest	10%
Coverage of tangible security coverage	100%
Rating-wise distribution of rated loans	Unrated
Break-up of loans transferred / acquired through assignment / novation and loan participation	All Assignment deals
Instances where we have agreed to replace loans transferred to transferee(s) or pay damages arising out of any representation or warranty	Nil

(b) Details of stressed loans transferred during the year.

(₹ in Crores)

Particulars	As on March 31, 2022			
	To ARCs		To permitted transferees	To other transferees
	NPA	SMA		
Number of accounts	2,938	1	-	-
Aggregate principal outstanding of loans transferred	299.26	45.00	-	-
Weighted average residual tenor of the loans transferred	2.15	2.75	-	-
Net book value of loans transferred (at the time of transfer)	249.99	59.71	-	-
Aggregate consideration	548.00		-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-
Excess Provision reversed on account of transter	-	-	-	-

Note:- In addition to the above, the Company has transferred 6,332 additional loans which have been written off, having an amount outstanding of ₹ 1,234.27 crores which were part of above consideration.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(c) Details on recovery ratings assigned for Security Receipts (SR) as on March 31, 2022:

Recovery Rating^	Anticipated recovery as per recovery rating	Book Value (₹ in crores)
RR1*	100%-150%	362.09
Unrated #	-	83.30
Total	**-**	**445.39**

^ Recovery rating is as assigned by external rating agency

Pursuant to regulatory norms, the ARC shall obtain initial rating of SRs from an approved credit rating agency within a period of six months from the date of acquisition of assets by it.

* Fully provided for

NOTE 58. INTRA-GROUP EXPOSURES

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Total amount of intra-group exposures	2,497.49	2,257.26
Total amount of top 20 intra-group exposures	2,497.49	2,257.26
Percentage of intra-group exposures to total exposure of the NBFC on borrowers / customers	17.61%	15.98%

NOTE 59. Disclosure required under Part B of Section I of RBI circular RBI/2022-23/26 - DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 - "Related Party Disclosure" is covered under note no. 42, 42.1 and 42.2 of the notes to financial statements.

NOTE 60. Wherever amount is less than ₹ 0.01 Crores, shown as ₹ 0.00.

NOTE 61. Previous year's figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

Arun Kumar Purwar
Chairman & Independent Director
DIN : 00026383

Nirmal jain
Managing Director
DIN : 00010535

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

Place : Mumbai
Dated: April 26, 2023

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of IIFL Finance Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

OPINION

We have audited the accompanying consolidated Ind AS financial statements of IIFL Finance Limited (hereinafter referred to as the 'Holding Company") its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity (including Other Comprehensive Income) and the consolidated Cash Flows statement for the year then ended, and notes to the consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, of consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the 'Auditors' responsibilities for the audit of the Consolidated

Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included

the performance of procedures designed to respond to our assessment of the risks of material misstatement of

the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management,

including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

INDEPENDENT AUDITOR'S REPORT (Contd.)

A. Key audit matters of the Holding Company

Sr. no	Key Audit Matter	Response to Key Audit Matter
1	**Information technology (IT) systems used in financial reporting process**. The Company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. We therefore identified IT systems and controls over financial reporting as a key audit matter for the Company.	We obtained an understanding of the Company's IT control environment relevant to the audit. We tested the design, implementation and operating effectiveness of the Company's General IT controls over the key IT systems which are critical to financial reporting. We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements. In addition to above, we have also relied on the work of the internal auditors and system auditors.
2	**Impairment of Financial Assets held at amortised cost:** Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in Indian Accounting Standard (Ind AS) 109 and the management estimation of the related impairment provisions, this is considered to be a key audit matter. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. (Refer Note 37A.3 to the Standalone Financial Statements.).	We evaluated appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our understanding of the business. We assessed the design and implementation of key Internal financial controls over loan impairment process used to calculate the impairment charge. We evaluated management's controls over collation of relevant information used for determining estimates for management overlays. We tested review controls over measurement of impairment allowances and disclosures in financial statements.

INDEPENDENT AUDITOR'S REPORT (Contd.)

B. Key audit matters of Subsidiary Company – IIFL Home Finance Ltd

Sr. no	Key Audit Matter	Response to Key Audit Matter
1	**Expected Credit Loss – Impairment of carrying value of loans and advances** Under Ind AS 109, Expected Credit Loss (ECL) is required to be determined for recognising impairment loss on financial assets which are stated at amortised cost or carried at fair value through other comprehensive income. The Company exercises significant judgement using assumptions over both when and how much to record as impairment for loans and advances and estimation of the amount of the impairment provision for loans and advances. The calculation of impairment loss or ECL is based on significant management estimates and judgements, which are as under: • Judgements about credit risk characteristics for collective evaluation of impairment under various stages of ECL • Loan staging criteria • Calculation of Probability of Default (PD) and Loss Given Default (LGD) • Consideration of probability scenarios and forward looking macro-economic factors • Considering time value of money for delays in receipt of funds • Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 pandemic, certain restructured cases, interest rate increase resulting in increased EMI which may cause stress, introduction of new product and specific identification of certain construction finance cases etc ECL requires a large variety of data as an input to the model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In view of the criticality of the item to the Standalone Financial Statements, complex nature of assumptions & judgements exercised by the management and loans forming a major portion of the Company's assets and impairment charge for the year being material to the net profit for the year, in our opinion this is considered as a Key Audit Matter.	We performed audit procedures set out below: • Read the Company's Board approved Ind-AS 109 based impairment provisioning policy • Understood and assessed the Company's process and controls on measurement and recognition of impairment in the loan portfolio • Test checked loans in stage 1, 2 and 3 to ascertain that they were allocated to the appropriate stage • Test checked PD and LGD calculation workings performed by management, including testing data used in assessment and evaluation of whether the results support appropriateness of the PDs at portfolio level • Test checked the calculations of determining Exposure at Default (EAD) • Test checked the manner of determining significant increase in credit risk and the resultant basis for classification of exposures into various stages • Performed an assessment of the ECL provision levels at each stage including management's assessment on COVID 19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. • Relied on the management note and representation regarding determination of management overlay due to various additional factors.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. no	Key Audit Matter	Response to Key Audit Matter
2	**IT Systems and controls** The Company financial accounting and reporting systems are highly dependent on the effective working of the operating and accounting system. The Company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from / to this software are critical for accurate compilation of financial information. Due to extensive volumes, variety and complexity of transactions the operating system is functioning, consistently and accurately, specifically with respect to following: • Interest, Fee income and other charges collected on Loans • Bifurcation of the Loan Portfolio based on maturity pattern and Assets Classification based on ageing of default We have identified 'IT systems and controls' as key audit matter because of significant use of IT system and the scale and complexity of the IT architecture. Our audit outcome is dependent on the effective functioning of such operating and accounting system.	**We performed audit procedures set out below:** • We obtained an understanding of the Company's business IT environment and key changes, if any during the audit period that may be relevant to the audit. • Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the key automated and manual business cycle controls and logic for system generated reports relevant to the audit by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis • We have tested and reviewed the reconciliations between the loan origination/ servicing application and the accounting software to mitigate the risk of incorrect data flow to/from separate application software. • We have also obtained management representations wherever considered necessary.

C. Key audit matters of Subsidiary Company – IIFL Samasta Finance Ltd

Sr.no	Key Audit Matter	Response to Key Audit Matter
1	**Expected Credit Loss** As at 31 March 2023, the Company has total gross loan assets of ₹ 7,998.53 crores (2022: ₹ 5,772.72 crores) against which an Expected Credit Loss ('ECL') of ₹ 257.22 crores (2022 ₹ 254.80 crores) has been accrued. The ECL approach as required under Ind AS 109, Financial instruments, involves high degree of complexity and requires significant judgement of the management. The Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgment include: 1. Categorization of loans in Stage 1, 2 and 3 based on identification of: a) exposures with Significant Increase in Credit Risk (SICR) since their origination and b) Individually impaired / default exposures. 2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL are based on past experience. 3. The impact of different future macroeconomic conditions in the determination of ECL.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Evaluated the Company's accounting policies for estimation of expected credit loss on loan assets in accordance with the requirements of Ind AS 109, Financial Instruments. • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. • Assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr.no	Key Audit Matter	Response to Key Audit Matter
	These parameters are derived from the Company's internally developed statistical models, historical data and macro-economic factors and a change in such models or assumptions could have a material impact on the accompanying financial statements. These factors required the models to be reassessed based on the available information including the additional risk profiling due to the impact of COVID-19 Pandemic, geographical, political and economic risk to measure the ECL. Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standard. The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Considering the significance of the above matter to the financial statements and the significant auditor attention uired to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.	• Evaluated the appropriateness of the Company's process of determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. • Assessed the key judgments and assumptions relating to the macro-economic scenarios including the impact of COVID 19 Pandemic, RBI guidelines/ notification and the associated probability weights. • Obtained the approved policy of board of directors to understand the relief measures sanctioned to various class of borrowers in accordance with the directions given by the RBI and tested, on sample basis, the compliance with respect to asset classification and provisioning norms as per such directions. • Tested management's computation of ECL by performing following procedures: • Evaluated management's groupings of borrowers on the basis of different product lines and customer segments with different risk characteristics. • Tested classification of loans into various categories based on their past due status and other loss indicators. On a sample basis, inspected the repayment schedule from the underlying borrower agreements and collection made on due dates; • Performed test of details of the input information used in ECL computation on a sample basis. • Tested the arithmetical accuracy of the computation. • Performed analytical procedures by determining various ratios or percentage-based measures to review overall reasonableness of the estimate determined by the management.
2	**Identification and Measurement of NPA:** As per RBI's circular dated November 12, 2021 read with earlier circular dated October 01, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, Automation of NPA and provisioning is required to be implemented by all lending Institutions. The NPA provisioning as per ECL methodology followed by the Company are not fully automated in Software Applications used by the Company for Loans Management and are performed manually through excel spreadsheets. Further, marking of linked accounts at borrower level as NPAs are done manually. These may have impact on the accuracy and completeness of the provision accrued for NPAs. Considering the significance, we have identified this as a key audit matter for current year audit.	Performed other substantive procedures, included but not limited to the following: • Assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per ECL policy of the Company on test check basis; • Selected samples of performing loan accounts to assess, independently, whether such loan accounts should be classified as NPA; • Recompilation of the amount of ECL provisioning on the total advances base considering the stage wise categories of advances, LGD (Loss given default) and PD (Probability of default) arrived by the Company.

INDEPENDENT AUDITOR'S REPORT (Contd.)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective company's to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the respective company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the respective company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

The financial statements of four subsidiary companies have been audited by other auditors. The financial statements of the said subsidiary companies reflect total assets of ₹ 30,850.31 crs as at March 31, 2023, Group's share of total revenue of ₹ 4,371.23 crs, Group's share of total net profit of ₹ 933.45 crs and Group's share of total comprehensive income of ₹ 944.81 crs and net cash inflows ₹ 16.55 crs for the year ended on the date as considered in the consolidated financial statements. The reports of auditors of the said subsidiary companies have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph, to the extent applicable, that:
    a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements

INDEPENDENT AUDITOR'S REPORT (Contd.)

have been kept so far as it appears from our examination of those books and reports of other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

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

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Holding Company to its directors is in accordance with the provisions of section 197 of the Act. In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2023 has been paid by the subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in its consolidated financials statements– Refer Note 38 to the consolidated financial statements.

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

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

iv. (a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries (´Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements

INDEPENDENT AUDITOR'S REPORT (Contd.)

have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. The Interim dividend declared and paid during the year by the Holding Company and its subsidiaries is in compliance with section 123 of the Companies Act, 2013.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in paragraphs 3 (xxi) and 4 of the Companies (Auditor's Report Order, 2020 (the "Order"/ "CARO") issued by Central Government in terms of Section 143(11) of the Act, to be included in the Auditors report, according to the information and explanation given to us, and based on the CARO report issued by us for the Holding Company and by the statutory auditors of the four subsidiary companies which are companies incorporated in India, included in the consolidated financial statement of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports except for those as stated below:

Sr.no	Name	CIN	Holding Company/subsidiary/ Associate/ Joint Venture	Clause number of the CARO report which is qualified or adverse
1.	IIFL Finance Limited	L67100MH1995PLC093797	Holding Company	3(iii)(c) & (d)
2.	IIFL Home Finance Limited	U65993MH2006PLC166475	Subsidiary	3(iii)(c) & (d) 3(vii)(a)
3.	IIFL Samasta Finance Limited	U65191KA1995PLC057884	Subsidiary	3(iii)(c) & (d)
4.	IIHFL Sales Limited	U74999MH2021PLC368361	Fellow Subsidiary	3(vii)(a)

For **V Sankar Aiyar & Co.**
Chartered Accountants
(FRN: 109208W)

G. Sankar
Partner
M. No.046050

Place: Mumbai
Date: April 26,2023
UDIN: 23046050BGTZVB1965

For **Chhajed & Doshi**
Chartered Accountants
(FRN: 101794W)

M. P. Chhajed
Partner
M. No. 049357

Place: Mumbai
Date: April 26,2023
UDIN: 23049357BGSKWL4844

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in our report of even date to the members of IIFL Finance Limited on the consolidated accounts for the year ended 31st March 2023

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of IIFL Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (hereinafter collectively referred to as "the Group") as of March 31, 2023, which are Companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies which are incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies which are incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other matters paragraph below , the Holding Company and subsidiary companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the subsidiary companies incorporated in India, is based solely on the corresponding report of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **V Sankar Aiyar & Co.**
Chartered Accountants
(FRN: 109208W)

G. Sankar
Partner
M. No.046050

Place: Mumbai
Date: April 26,2023
UDIN: 23046050BGTZVB1965

For **Chhajed & Doshi**
Chartered Accountants
(FRN: 101794W)

M. P. Chhajed
Partner
M. No. 049357

Place: Mumbai
Date: April 26,2023
UDIN: 23049357BGSKWL4844

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2023

(₹ in Crores)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
[1] Financial assets			
(a) Cash and cash equivalents	4	3,630.67	6,211.64
(b) Bank balance other than (a) above	5	2,208.36	1,945.29
(c) Derivative financial instruments	6	223.58	74.28
(d) Receivables			
(i) Trade receivables	7	121.43	183.20
(ii) Other receivables	7	151.96	15.80
(e) Loans	8	40,001.11	33,692.89
(f) Investments	9	3,511.00	1,192.16
(g) Other financial assets	10	1,615.55	924.05
		51,463.66	**44,239.31**
[2] Non-financial assets			
(a) Current tax assets		239.59	234.17
(b) Deferred tax assets	11	122.67	285.82
(c) Investment property	12	296.04	295.19
(d) Property, plant and equipment	13	176.13	150.52
(e) Capital work-in-progress	13.1	27.40	5.64
(f) Right to use assets	14	386.60	327.53
(g) Other intangible assets	15	3.38	2.11
(h) Other non-financial assets	16	272.53	352.60
(i) Assets held for sale	17	13.32	17.55
		1,537.66	**1,671.13**
Total Assets		**53,001.32**	**45,910.44**
Liabilities And Equity			
Liabilities			
[1] Financial liabilities			
(a) Derivative financial instruments	6	42.37	164.39
(b) Payables			
(I) Trade payables	18		
(i) total outstanding dues of micro enterprises and small enterprises		3.02	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		194.28	142.43
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	9.91
(c) Finance lease obligation	14	413.43	360.68
(d) Debt securities	19	7,925.30	7,838.08
(e) Borrowings (other than debt securities)	20	28,476.27	25,319.37
(f) Subordinated liabilities	21	3,202.42	2,568.05
(g) Other financial liabilities	22	2,030.24	2,820.54
		42,287.33	**39,223.45**
[2] Non-financial liabilities			
(a) Current tax liabilities		45.82	50.21
(b) Provisions	23	84.77	64.11
(c) Deferred tax liabilities	11	0.61	-
(d) Other non-financial liabilities	24	380.65	102.94
		511.85	**217.26**
Total Liabilities		**42,799.18**	**39,440.71**
[3] Equity			
(a) Equity share capital	25	76.09	75.92
(b) Other equity	25.1	8,915.97	6,387.91
(c) Non-controlling interest	25.1	1,210.08	5.90
		10,202.14	**6,469.73**
Total Liabilities and Equity		**53,001.32**	**45,910.44**
See accompanying notes forming part of the financial statements	1 - 47		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. Chhajed
Partner
Membership No. 049357

Place : Mumbai
Dated: April 26, 2023

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

Arun Kumar Purwar
Chairman & Independent Director
DIN : 00026383

Nirmal Jain
Managing Director
DIN : 00010535

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Sr. No	Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations				
(i)	Interest income	26.1	7,369.27	6,134.53
(ii)	Dividend income	26.2	0.00	0.00
(iii)	Fees and commission income	27	228.52	153.20
(iv)	Net gain on fair value changes	28	147.25	155.77
(v)	Net gain on derecognition of financial instruments under amortized cost category	31	513.81	411.23
(I)	**Total revenue from operations**		**8,258.85**	**6,854.73**
(II)	**Other income**	29	188.26	168.88
(III)	**Total Income (I+II)**		**8,447.11**	**7,023.61**
Expenses				
(i)	Finance costs	30	3,221.83	2,991.00
(ii)	Net loss on derecognition of financial instruments under amortized cost category	31	934.99	904.22
(iii)	Impairment on financial instruments	32	(68.86)	0.59
(iv)	Employee benefits expenses	33	1,329.50	930.74
(v)	Depreciation, amortization and impairment	12, 13, 14 & 15	152.59	121.70
(vi)	Others expenses	34	764.54	539.38
(IV)	**Total Expenses**		**6,334.59**	**5,487.63**
(V)	**Profit before tax (III-IV)**		**2,112.52**	**1,535.98**
(VI)	**Tax expense:**			
	(1) Current tax	35	362.70	327.78
	(2) Deferred tax	11 & 35	144.68	19.38
	(3) Current tax expenses relating to previous years	35	(2.41)	0.57
	Total tax expense		**504.97**	**347.73**
(VII)	**Profit for the year (V-VI)**		**1,607.55**	**1,188.25**
	Attributable to:			
	Owners of the Company		1,500.30	1,187.89
	Non-controlling interest		107.25	0.36
(VIII)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit (liabilities)/assets	35	(2.69)	(0.04)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 35	0.68	0.01
	Subtotal (A)		**(2.01)**	**(0.03)**
	(B) (i) Items that will be reclassified to profit or loss			
	(a) Cash flow hedge (net)	35	46.45	(1.30)
	(b) Fair value of loans carried at FVTOCI	35	(0.75)	13.65
	(ii) Income tax relating to items that will be reclassified to profit or loss	11 & 35	(11.50)	(3.11)
	Subtotal (B)		**34.20**	**9.24**
	Other Comprehensive Income (A+B)		**32.19**	**9.21**
(IX)	**Total Comprehensive Income for the year**		**1,639.74**	**1,197.46**
	Attributable to:			
	Owners of the Company		1,534.01	1,197.11
	Non-controlling interest		105.73	0.35
(X)	**Earnings per equity share of face value ₹ 2 each**	36		
	Basic (₹)		39.49	31.33
	Diluted (₹)		39.18	31.14
See accompanying notes forming part of the financial statements		1 - 47		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

G. Sankar
Partner
Membership No. 046050

M.P. Chhajed
Partner
Membership No. 049357

Arun Kumar Purwar
Chairman & Independent Director
DIN : 00026383

Nirmal Jain
Managing Director
DIN : 00010535

Place : Mumbai
Dated: April 26, 2023

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Particulars	Notes	Year ended March 31, 2023		Year ended March 31, 2022	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**2,112.52**		**1,535.98**
Adjustments for:					
Depreciation, amortization and impairment	12, 13, 14 & 15	152.59		121.70	
Impairment on loans	32	(79.54)		(8.16)	
Impairment on other financial instruments		10.69		(8.58)	
(Profit)/ loss on sale of assets		(2.13)		(0.33)	
(Gain)/Loss on termination - Ind AS 116		(3.09)		-	
Net (Gain)/ loss on fair value changes on investment - realized		(82.68)		(77.20)	
Net (Gain)/ loss on fair value changes on investment - unrealized		(64.58)		0.13	
Net (Gain)/ loss on derecognition of financial instruments under amortized cost		(513.81)		(411.23)	
Employee benefit expenses - share based		(1.90)		3.10	
Employee benefit expenses - others		22.30		12.30	
Interest on loans		(6,978.79)		(5971.71)	
Interest on deposits with banks	26.1	(167.32)		(90.01)	
Dividend Income	26.2	0.00		0.00	
Finance cost		3,226.30		2,735.46	
Interest expenses - Ind AS 116	30	34.62		30.79	
Loss/(Gain) on buy back of debentures (net)		(4.47)		(0.79)	
Income received on loans		7,083.51		6,576.39	
Interest received on deposits with banks		143.04		87.91	
Income received on investments		(7.20)		-	
Finance cost paid		(2,540.87)	226.67	(3026.17)	(26.40)
Operating profit before working capital changes			**2,339.19**		**1,509.58**
Decrease/ (increase) in financial and non financial assets			(104.55)		(22.59)
Increase/ (decrease) in financial and non financial liabilities			(565.08)		621.46
Cash (used in)/ generated from operations			**1,669.56**		**2,108.45**
Taxes paid			(276.71)		(294.33)
Net cash (used in)/ generated from operating activities			**1,392.85**		**1,814.12**
Loans (disbursed)/ repaid (net)			(6,333.41)		(30.39)
Net cash (used in)/ generated from operating activities (A)			**(4,940.56)**		**1,783.73**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and other intangible assets			(260.99)		(100.77)
Sale of property, plant and equipment and other intangible assets			2.82		1.17
Purchase of investment property			(0.85)		(24.51)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Proceeds/(Purchase) of Investments		(2,165.13)	(1,075.23)
Dividend received		0.00	
Proceeds/(Deposits) from maturity of deposits placed with Banks		(306.3)	203.55
Net cash (used in)/ generated from investing activities (B)		**(2,730.45)**	**(995.79)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share capital		2,285.95	8.60
Payment of Stamp duty		-	(8.34)
Premium on issue of debentures		(271.32)	-
Dividend paid (including dividend distribution tax)		(173.63)	(132.82)
Proceeds from debt securities		1,673.73	2,910.32
Repayment of debt securities		(1,877.83)	(3,274.14)
Proceeds from borrowings (other than debt securities)		19,435.10	12,198.21
Repayment of borrowings (other than debt securities)		(16,363.64)	(9,123.99)
Proceeds from subordinated liabilities		376.64	705.82
Repayment of subordinated liabilities		-	(410.97)
Payment of lease liability		21.22	(91.89)
Change in Minority Interest		(16.18)	-
Net cash (used in)/ generated from financing activities (C)		**5,090.04**	**2,780.80**
Net increase in cash and cash equivalents (A + B + C)		**(2,580.97)**	**3,568.74**
Add : Opening cash and cash equivalents as at the beginning of the year		6,211.64	2,642.90
Cash and cash equivalents as at the end of the year	**4**	3,630.67	6,211.64
See accompanying notes forming part of the financial statements	**1 - 47**		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

G. Sankar
Partner
Membership No. 046050

M.P. Chhajed
Partner
Membership No. 049357

Arun Kumar Purwar
Chairman & Independent Director
DIN : 00026383

Nirmal Jain
Managing Director
DIN : 00010535

Place : Mumbai
Dated: April 26, 2023

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023

A. Equity Share Capital

(₹ in Crores)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2023 (refer note 25)	75.92	0.17	76.09
As at March 31, 2022 (refer note 25)	75.77	0.15	75.92

B. Other Equity

(₹ in Crores)

Particulars	Share Application Money (Note 1)	Reserves & Surplus									Other Comprehensive Income			Total	Non-Controlling Interest
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987 (Note 6)	Capital Redemption Reserve (Note 7)	Debenture Redemption Reserve (Note 8)	Retained Earnings (Note 9)	Stock Compen-sation Reserve (Note 10)	Effective portion of Cash Flow Hedges (Note 11)	Fair value of loans carried at FVTOCI	Remeasure-ments of defined benefit (Note 12)		
Balance as at April 01, 2021	**-**	**83.89**	**1,840.98**	**653.15**	**640.25**	**287.37**	**230.11**	**12.80**	**1,589.93**	**15.91**	**(38.41)**	**(0.57)**	**(3.66)**	**5,311.75**	**5.92**
Profit for the year	-	-	-	-	-	-	-	-	1,187.89	-	-	-	-	**1,187.89**	0.36
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(0.98)	10.22	(0.03)	**9.21**	(0.01)
Interim dividend	-	-	-	-	-	-	-	-	(132.82)	-	-	-	-	**(132.82)**	-
Change in minority	-	-	-	-	-	-	-	-	0.37	-	-	-	-	**0.37**	(0.37)
Share issue expenses	-	-	(8.34)	-	-	-	-	-	-	-	-	-	-	**(8.34)**	-
Transfer to/ from reserves	-	-	4.76	0.07	205.35	115.60	-	-	(312.66)	(4.82)	-	-	-	**8.30**	-
Addition during the year	-	-	8.45	-	-	-	-	-	-	3.10	-	-	-	**11.55**	-
Balance as at March 31, 2022	**-**	**83.89**	**1,845.85**	**653.22**	**845.60**	**402.97**	**230.11**	**12.80**	**2,332.71**	**14.19**	**(39.39)**	**9.65**	**(3.69)**	**6,387.91**	**5.90**
Profit for the year	-	-	-	-	-	-	-	-	1,500.30	-	-	-	-	**1,500.30**	107.25
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	34.76	(0.56)	(2.01)	**32.19**	(1.52)
Interim dividend	-	-	-	-	-	-	-	-	(173.63)	-	-	-	-	**(173.63)**	-
Change in minority	-	-	(689.64)	(29.36)	-	(92.39)	-	-	(287.07)	-	-	-	-	**(1,098.46)**	1,098.46
Share issue expenses	-	-	(24.13)	-	-	-	-	-	-	-	-	-	-	**(24.13)**	-
Transfer to/ from reserves	-	-	6.07	1.09	186.51	158.10	-	-	(344.61)	(7.16)	-	-	-	**(0.00)**	-
Addition during the year	-	-	2,289.17	-	-	-	-	-	-	2.62	-	-	-	**2,291.79**	-
Balance as at March 31, 2023	**-**	**83.89**	**3,427.32**	**624.95**	**1,032.11**	**468.68**	**230.11**	**12.80**	**3,027.70**	**9.65**	**(4.63)**	**9.09**	**(5.70)**	**8,915.97**	**1,210.08**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

Notes:

1. **Share application money pending allotment:** Money received for share application for which allotment is pending.
2. **Capital Reserves:** Capital reserve is created on account of Composite Scheme of Arrangement.
3. **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognized in Securities Premium Reserve (including debenture premium). Total additions to Securities Premium is after netting of share issue expenses.
4. **General Reserve:** The reserve can be distributed/utilized by the Group, in accordance with the Companies Act, 2013
5. **Special Reserve:** Pursuant to section 45-IC of the Reserve Bank of India Act 1934, being 20% of the profit after tax for the year of IIFL Finance Limited and IIFL Samasta Finance Limited has been transferred from Retained Earnings to Special Reserve.
6. **Special Reserve:** Pursuant to section 29C of the National Housing Bank Act, 1987 the Housing Finance Company ("HFC") is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared.
7. **Capital Redemption Reserve:** This reserve has been created on redemption of preference shares capital as per section 55 of the Companies Act, 2013.
8. **Debenture Redemption Reserve:** Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, Non Banking Finance Company ("NBFC") and Housing Finance Company ("HFC") are required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through public issue. Pursuant to Ministry of Corporate Affairs circular dated August 16, 2019, reserve is not required to be created for the Non Convertible Debentures going forward.
9. **Retained Earnings:** These are the profits that the Group has earned till date, less any transfers to Statutory Reserve, Debenture Redemption Reserve, General Reserve, Dividend distribution and capital redemption reserve.
10. **Stock Compensation Reserve:** The employee stock options reserve represents reserve in respect of equity settled share options granted to the employees of the Company and its Group in pursuance of employee stock options plan.
11. **Effective portion of Cash Flow Hedges:** This reserve refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
12. **Remeasurements of defined benefit:** This reserve refers to remeasurement of gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets of the defined benefit plan.

See accompanying notes forming part of the financial statements (1 - 47)

In terms of our report attached

For V Sankar Aiyar & Co. **Chartered Accountants** Firm Registration No. 109208W	**For Chhajed & Doshi** **Chartered Accountants** Firm Registration No. 101794W	**For and on behalf of the Board of Directors** **of IIFL FINANCE LIMITED**	
G. Sankar Partner Membership No. 046050	**M.P. Chhajed** Partner Membership No. 049357	**Arun Kumar Purwar** Chairman & Independent Director DIN : 00026383	**Nirmal Jain** Managing Director DIN : 00010535
Place : Mumbai Dated: April 26, 2023		**Kapish Jain** Chief Financial Officer	**Sneha Patwardhan** Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 1. CORPORATE INFORMATION

Company overview

IIFL Finance Limited (the "Company/ Parent/ Holding Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on March 06, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as mortgage loan, gold loan, loan against securities loans to small & medium enterprise ("SME"), Micro finance loans ("MFI") and digital finance loans.

NOTE 2. BASIS OF CONSOLIDATION

i. Basis of preparation of financial statements

The consolidated financial statements relate to IIFL Finance Limited (the "Company") and its subsidiary/ group companies (together hereinafter referred to as "Group"). The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Control is achieved when the Company has:

- Power over the investee,
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Holding Company's voting rights and potential voting rights.
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the Reserve Bank of India ("RBI") and National Housing Bank ("NHB") to the extent applicable.

ii. Principles of consolidation:

a) The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of The Companies Act, 2013 ("Act").

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, (that are not traded in active market) that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

b) The effects of all inter-Group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year by the Group.

c) The consolidated financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Group, March 31, 2023.

d) The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.

e) Business combinations: Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired, and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies.

f) Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment.

Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date.

The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements. Goodwill/ Capital reserve has been netted off and disclosed in the consolidated financial statements. Goodwill arising on consolidation is not amortized but tested for impairment.

g) Non-controlling Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit and loss/ other comprehensive income ("OCI") for the year of the subsidiaries attributable to non-controlling interest is identified and adjusted against the profit after tax/ other comprehensive income ("OCI") of the Group in order to arrive at the income attributable to shareholders of the Group.

h) Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Holding Company and to the non-controlling interests, if any.

iii. List of subsidiaries consolidated

The individual Balance Sheet as at March 31, 2023, Statement of Profit and Loss and cash flow statement for the year ended March 31, 2023 of following subsidiaries are included in consolidation:

Name of the entity	Relationship	Country of Incorporation	% of holding and voting power either directly or indirectly through subsidiary		
			As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
IIFL Home Finance Limited (HFC)	Direct Subsidiary	India	100%	100%	100%
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited) (Samasta)	Direct Subsidiary	India	99.51%	99.41%	99.09%
IIHFL Sales Limited	Step down Subsidiary	India	100%	100%	100%
IIFL Open Fintech Private Limited	Direct Subsidiary	India	51.02%	NA	NA

iv. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgments, and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

v. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the provisions of the Act and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013 along with the applicable guidelines issued by Reserve Bank of India ("RBI") and National Housing Bank ("NHB"). In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India ("ICAI") are also applied except where compliance with other statutory promulgations require a different treatment.

vi. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the consolidated Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the RBI and NHB.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

i. Interest income and dividend income

Interest income on financial instruments at amortized cost is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

Interest income on Direct assignment pool is recognized on time proportion basis net off amount payable to assignees.

Interest on financial instruments measured at fair value is included within the fair value movement during the period.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated considering all the behavioural pattern and contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at fair value through profit and loss ("FVTPL"), transaction costs are recognized in the Statement of Profit and Loss at initial recognition.

Penal Interest are recognized as income only when revenue is virtually certain which generally coincides with receipts.

Dividend on equity shares, preference shares and on mutual fund units is recognized as income when the right to receive the dividend is established.

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Group's Statement of Profit and Loss include, among other things, fees charged for servicing a loan. Fees and charges are recognized as income only when revenue is virtually certain which generally coincides with receipts.

Cheque bounce charges, late payment charges and foreclosure charges are recognized on a point- in-time basis and are recorded when realized.

Fee and commission expenses with regards to services are accounted for as and when the services are delivered.

iii. Income from financial instruments at FVTPL

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL.

iv. Assignment transactions

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognized from the Balance Sheet immediately upon execution of such transaction. Further, the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognized on the date of derecognition itself as interest only strip receivable (interest strip on assignment) and correspondingly recognized as profit on derecognition of financial asset.

v. Securitization transactions

In accordance with Ind AS 109, in case of securitization transactions, the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

vi. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

(b) Property, plant and equipment ("PPE")

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax, if any, less accumulated depreciation. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

Subsequent expenditure related to an item of PPE is added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation is charged using the straight-line method, based on the useful life of PPE as estimated by the Management, as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold. In case of transfer of used PPE from group companies, depreciation is charged over the remaining useful life of the asset. Individual assets / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase. Leasehold land is depreciated on a straight-line basis over the leasehold period.

The estimated useful life of assets is as under:

Class of assets	Useful life
Buildings	20 years
Computers	3 years
Office equipment	5 years
Plant and Equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

For above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount net of accumulated depreciation of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest and are disclosed as "capital work-in-progress".

(c) Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortization and cumulative impairment.

Intangible assets i.e., Software are amortized on straight-line basis over the estimated useful life of 3 years. Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount net of accumulated depreciation of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

(d) Investment property

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount net of accumulated depreciation of the asset) is included in Statement of Profit and Loss in the period in which the Investment property is derecognized.

Freehold land and properties under construction are not depreciated.

(e) Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

(f) Impairment of assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognized immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss is subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

(g) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme

(h) Employee benefits

Defined contribution plans

The Group's contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees and are accounted for on an accrual basis and recognized in the Statement of Profit and loss.

Defined benefit plans

Short term employee benefits: Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. These benefits include performance incentive and compensated absences.

Post employment benefits: The employees' gratuity fund scheme represents defined benefit plan. The present value of the obligation under defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to the Statement of Profit and Loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognized in the Statement of Profit and Loss as employee benefit expenses. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Group recognizes related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Long term employee benefits: The obligation recognized in respect of long-term benefits such as long term compensated absences, is measured at present value of estimated future cash flows expected to be made by the Group and is recognized in a similar manner as in the case of defined benefit plan above.

(i) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

(j) Taxes on income

Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax is not recognized for:

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

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities, representing current tax and where the deferred tax assets and deferred tax liabilities relates to taxes on income levied by the same governing taxation laws.

Current and deferred tax for the year

Current and deferred tax are recognized in the Statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(k) Financial instruments

Financial assets and financial liabilities are recognized in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the Statement of Profit and Loss.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Financial assets

Classification and measurement

The Group classifies its financial assets into the following measurement categories: amortized cost; fair value through other comprehensive income; and fair value through profit or loss.

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial instruments measured at amortized cost

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g., if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit and Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

All financial assets are recognized initially at fair value plus transaction cost attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the Statement of Profit and Loss. The gain or loss on disposal is recognized in the Statement of Profit and Loss.

Interest income is recognized in the Statement of Profit and Loss for FVTPL debt instruments.

Dividend on financial assets at FVTPL is recognized when the Group's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognized in the Statement of Profit and Loss when the Group's right to receive dividends is established.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Impairment of financial assets

Group recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR. Vintage loss curve model is used for ECL computation of retail portfolio which involves assessment of performance of segmented portfolio over a time period. The model tracks month-wise losses during the loan tenor. Vintage loss rate models provide a simple, reasonable model for both one-year and lifetime expected credit loss forecasts. For wholesale portfolio, ECL computation is done for each loan account based on CRISIL default study and International Review Board ("IRB") guidelines.

ECL is measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Key elements of ECL computation are outlined below:

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio.
- Loss given default ("LGD") estimates the normalized loss which Group incurs post customer default. It is usually expressed as a percentage of the Exposure at default ("EAD").
- Effective interest rate ("EIR") is the rate that discounts estimated future cash flows through the expected life of financial instrument. For calculating EIR any upfront fees need to be excluded from the loans and advance amount.

Credit impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer,
- a breach of contract such as a default or past due event,
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider,
- the disappearance of an active market for a security because of financial difficulties; or

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- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's expert credit assessment.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified, the Group considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/ loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Financial liabilities and equity Instruments

Debt and equity instruments that are issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments (e.g., convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other component of equity. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain/ loss is recognized in Statement of Profit and Loss upon conversion or expiration of the conversion option.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible notes using the effective interest rate method.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognized amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(l) Cash and bank balances

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(m) Goods and service tax input credit

Goods and service tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/ utilizang the credits.

(n) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(o) Foreign currencies

In preparing the consolidated financial statements of, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

(p) Segment reporting

The Group's primary business segments are reflected based on the principal business carried out i.e., financing. All other activities of the Group revolve around the main business. The risk and returns of the business of the Group is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments.

(q) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when:

- an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

- a reliable estimate can be made of the amount of the obligation

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events when no reliable estimate is possible.

Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the consolidated financial statements.

(r) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for,

b) Funding related commitment to associate and joint venture companies; and

c) Other non-cancellable commitments, if any.

(s) Statement of cash flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature,
- non-cash items such as depreciation, provisions, deferred taxes and unrealized foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

(t) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

(u) Derivative financial instruments and hedging

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedge.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the 'Other income' line item.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Amounts previously recognized in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

(v) Leases

The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considers whether (i) the contract involves the use of identified asset; (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Group has right to direct the use of the asset.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Group has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Group recognizes the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

As a lessor

Leases for which the Group is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

<u>Critical accounting estimate and judgement</u>

1. **Determination of lease term**

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. **Discount rate**

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Group as a lessee

As a lessee, the Group leases assets which includes gold loan branches/office premises and vehicles to employees. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognizes right-of-use assets and lease liabilities for these leases.

(w) Recent Accounting Pronouncements

On March 31, 2023, Ministry of Corporate Affairs ("MCA") has amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 – Presentation of Financial Statements:

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual period beginning on or after April 01, 2023. The Company has evaluated the amendment the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors:

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual period beginning on or after April 01, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements there is no impact on its standalone financial statements.

Ind AS 12 – Income Taxes:

This amendment has narrowed the scope of initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual period beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and Cash Equivalents		
Cash on hand	60.73	50.20
Cheques on hand	105.74	-
Balance with Banks		
- In current accounts	1,209.17	3,920.92
- In deposit accounts	1,453.69	2,240.16
- Interest accrued on fixed deposits	1.37	0.36
CCIL Lending/Money at call or short notice	799.97	-
Total	**3,630.67**	**6,211.64**

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	11.28	18.78
In deposit accounts (refer note 5.1)	2,160.84	1,914.54
Interest accrued on fixed deposits (refer note 5.1)	36.24	11.97
Total	**2,208.36**	**1,945.29**

Note 5.1 Out of the Fixed Deposits shown above

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Lien marked	1,795.94	1,294.89
Margin for credit enhancement	133.63	631.62
Other deposits	267.51	-
Total	**2,197.08**	**1,926.51**

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Crores)

Part I	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives:						
Spot and forwards	4,678.79	145.89	33.15	3,694.38	45.85	149.46
Cross Currency Interest Rate Swaps	363.08	44.02	-	363.08	-	5.06
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate Swaps	695.50	26.48	-	695.50	18.56	-
Options Purchased	4.32	9.22	9.22	4.32	9.87	9.87
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives						
Forward exchange contract	968.75	(2.03)	-	-	-	-
Total	**6,710.44**	**223.58**	**42.37**	**4,757.28**	**74.28**	**164.39**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Part II	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging						
Options Purchased*	4.32	9.22	9.22	4.32	9.87	9.87
(ii) Cash flow hedging						
Currency derivatives	5,041.87	189.91	33.15	4,057.46	45.85	154.52
Interest rate derivative	695.50	26.48	-	695.50	18.56	-
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives						
Currency derivative	-	-	-	-	-	-
Interest rate derivative	-	-	-	-	-	-
Forward exchange contract	968.75	(2.03)	-	-	-	-
Total	**6,710.44**	**223.58**	**42.37**	**4,757.28**	**74.28**	**164.39**

Credit Risk and Currency Risk

(₹ in Crores)

	Total		Exchange Traded		Over the Counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
As at March 31, 2023						
Derivative Asset	3,493.17	223.58	4.32	9.22	3,488.86	214.36
Derivative Liabilities	3,221.59	42.37	4.32	9.22	3,217.27	33.14
As at March 31, 2022						
Derivative Asset	1,386.82	74.28	4.32	9.87	1,382.50	64.41
Derivative Liabilities	3,374.78	164.39	4.32	9.87	3,370.46	154.52

* Unsecured Non Convertible Debentures of ₹ 9.22 Crores (P.Y. ₹ 9.87 Crores) made as per the terms of issue and on maturity will be transferred to the investors of the NCD.

6.1 Hedging activities and derivatives

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

6.1.1 Derivatives designated as hedging instruments

The foreign currency and interest rate risk on borrowings have been actively hedged through a combination of forward contracts and cross currency interest rate swaps.

The Group is exposed to interest rate risk arising from its foreign currency borrowings. Interest on the borrowing is payable at a floating rate linked to the Benchmark Plus Margin. The Group economically hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

The Group uses Cross Currency Interest Rate Swaps (IRS) Contracts (Floating to Fixed) and Forward Exchange Contracts to hedge its risks associated with interest rate and currency fluctuations relating interest rate and currency risk arising from foreign currency loans / external commercial borrowings. The Group designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per Ind AS standards. These contracts are stated at fair value of the Spot element of the forward exchange contracts at each reporting date. Changes in the fair value of

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

these contracts that are designated and effective as hedges of future cash flows are recognized directly in "Cash Flow Hedge Reserve" under Other Equity and the ineffective portion is recognized immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Notional amount	6,706.12	4,752.95
Carrying amount	181.22	(90.11)
Line item in the statement of financial position	Derivative financial instrument	Derivative financial instrument
Change in fair value used for measuring ineffectiveness for the year	-	-

(₹ in Crores)

Impact of hedging item	As at March 31, 2023	As at March 31, 2022
Change in fair value Profit/(Loss)	-	-
Cash flow hedge reserve Profit/(Loss)	12.45	9.60
Cost of hedging	(2.56)	-

(₹ in Crores)

Effect of Cash flow hedge	As at March 31, 2023	As at March 31, 2022
Total hedging gain / (loss) recognized in OCI	34.76	(0.97)
Ineffectiveness recognized in profit or (loss)	(2.66)	-

NOTE 7. RECEIVABLES

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Trade Receivables		
Receivables considered good - Secured	60.89	134.50
Receivables considered good - Unsecured*	59.63	48.39
Receivables considered good - significant increase in credit risk	0.10	0.39
Receivables - credit impaired	8.11	0.00
Total (i) - Gross	**128.73**	**183.28**
Less: Impairment loss allowance	(7.30)	(0.08)
Total (i) - Net	**121.43**	**183.20**
(ii) Other Receivables		
Receivables considered good - Unsecured	151.96	15.80

* including receivable from Group Companies (refer note 41.2)

Notes:

1. No trade or other receivables are due from directors or other officer of the Group either severally or jointly, with any other person. Nor trade or other receivables are due from firms including limited liability partnerships, private companies in which any director is a partner or a director or a member.
2. The Group had adopted simplified approach for impairment allowance on trade receivables. Expected credit loss ("ECL") has been recognized on credit impaired receivables.
3. Trade receivables are non-interest bearing.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Note 7.1 Trade Receivables Ageing Schedule

(₹ in Crores)

Particulars (As at March 31, 2023)	Outstanding for following periods from due date of payment						
	Unbilled	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	3.99	116.40	0.03	0.10	-	-	120.52
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	0.10	-	-	-	-	0.10
(iii) Undisputed Trade Receivables – credit impaired	-	-	6.45	1.66	-	-	8.11
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**3.99**	**116.50**	**6.48**	**1.76**	**-**	**-**	**128.73**

(₹ in Crores)

Particulars (As at March 31, 2022)	Outstanding for following periods from due date of payment						
	Unbilled	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	4.64	178.12	0.11	0.02	-	-	182.89
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	0.39	-	-	-	-	0.39
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	0.00	-	0.00
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**4.64**	**178.51**	**0.11**	**0.02**	**0.00**	**-**	**183.28**

NOTE 8. LOANS

(₹ in Crores)

Particulars	As at March 31, 2023		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	31,914.84	6,984.42	38,899.26
(ii) Non Convertible Debentures - for financing real estate projects	1,202.46	-	1,202.46
(iii) Related Parties	0.14	-	0.14
(iv) Others (Dues from Customers etc)	1,216.48	-	1,216.48
Total (A) - Gross	**34,333.92**	**6,984.42**	**41,318.34**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 300.62 Crores and Stage 3 Interest ₹ 85.95 Crores)	(1,256.78)	(60.45)	(1,317.23)
Total (A) - Net	**33,077.14**	**6,923.97**	**40,001.11**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	As at March 31, 2023		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	23,746.11	6,736.40	30,482.51
(ii) Covered by Bank/ Government guarantees	192.45	0.73	193.18
(iii) Unsecured	10,395.36	247.29	10,642.65
Total (B) - Gross	**34,333.92**	**6,984.42**	**41,318.34**
Less: Impairment loss allowance	(1,256.78)	(60.45)	(1,317.23)
Total (B) - Net	**33,077.14**	**6,923.97**	**40,001.11**
(C)			
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	34,333.92	6,984.42	41,318.34
Total(C) (I) - Gross	**34,333.92**	**6,984.42**	**41,318.34**
Less: Impairment loss allowance	(1,256.78)	(60.45)	(1,317.23)
Total(C) (I) - Net	**33,077.14**	**6,923.97**	**40,001.11**
(II) Loans outside India (C) (II)	**-**	**-**	**-**
Total C (I) and C (II)	**33,077.14**	**6,923.97**	**40,001.11**

(₹ in Crores)

Particulars	As at March 31, 2022		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	26,637.08	5,712.46	32,349.54
(ii) Non Convertible Debentures - for financing real estate projects	1,716.84	-	1,716.84
(iii) Related parties	0.20	-	0.20
(iv) Others (Dues from Customers etc)	1,049.17	-	1,049.17
Total (A) - Gross	**29,403.29**	**5,712.46**	**35,115.75**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 409.22 Crores and Stage 3 Interest ₹ 112.49 Crores)	(1,372.86)	(50.00)	(1,422.86)
Total (A) - Net	**28,030.43**	**5,662.46**	**33,692.89**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	21,343.64	5,712.46	27,056.10
(ii) Covered by Bank/ Government guarantees	344.92	-	344.92
(iii) Unsecured	7,714.73	-	7,714.73
Total (B) - Gross	**29,403.29**	**5,712.46**	**35,115.75**
Less: Impairment loss allowance	(1,372.86)	(50.00)	(1,422.86)

(₹ in Crores)

Particulars	As at March 31, 2022		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
Total (B) - Net	**28,030.43**	**5,662.46**	**33,692.89**
(C)			
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	29,403.29	5,712.46	35,115.75
Total (C) (I)-Gross	**29,403.29**	**5,712.46**	**35,115.75**
Less: Impairment loss allowance	(1,372.86)	(50.00)	(1,422.86)
Total (C) (I)-Net	**28,030.43**	**5,662.46**	**33,692.89**
(II) Loans outside India (C) (II)	-	-	-
Total C (I) and C (II)	**28,030.43**	**5,662.46**	**33,692.89**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.Loans secured by Government Guarantee are credit facilities provided under the Emergency Credit Line Guarantee Scheme backed by an unconditional and irrevocable guarantee provided by Government of India.

8.2 Secured loans include loans aggregating to ₹ 218.77 Crores (P.Y ₹ 200.95 Crores) in respect of which the creation of security is under process.

NOTE 9. INVESTMENTS

(₹ in Crores)

Particulars	As at March 31, 2023		
	At Fair Value through profit and loss	At Amortized cost	Total
(A)			
Mutual funds	57.49	-	57.49
Alternate investment funds	1,132.68	-	1,132.68
Security receipts	1,209.60	-	1,209.60
Government Securities	5.04	-	5.04
Bonds	346.52	-	346.52
Preference Shares	38.17	-	38.17
Certificate of Deposits	-	646.40	646.40
Commercial Papers	-	397.34	397.34
Debt securities	-	7.61	7.61
Equity instruments			
in others	-	0.05	0.05
Total – Gross (A)	**2,789.50**	**1,051.40**	**3,840.90**
Less: Impairment loss allowance	(329.90)	-	(329.90)
Total – Net (A)	**2,459.60**	**1,051.40**	**3,511.00**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	2,789.50	1,051.40	3,840.90
Total – (B)	**2,789.50**	**1,051.40**	**3,840.90**
Less: Impairment loss allowance	(329.90)	-	(329.90)
Total Net (B)	**2,459.60**	**1,051.40**	**3,511.00**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	As at March 31, 2022		
	At Fair Value through profit and loss	At Amortized cost	Total
(A)			
Mutual funds	0.00	-	0.00
Alternate investment funds	1,099.22	-	1,099.22
Security receipts	445.39	-	445.39
Debt securities	-	9.59	9.59
Equity instruments			
in others	-	0.05	0.05
Total – Gross (A)	**1,544.61**	**9.64**	**1,554.25**
Less: Impairment loss allowance	(362.09)	-	(362.09)
Total – Net (A)	**1,182.52**	**9.64**	**1,192.16**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	1,544.61	9.64	1,554.25
Total – (B)	**1,544.61**	**9.64**	**1,554.25**
Less: Impairment loss allowance	(362.09)	-	(362.09)
Total Net (B)	**1,182.52**	**9.64**	**1,192.16**

Note 9.1 Investment details scrip wise

(₹ in Crores)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Crores)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Crores)
Mutual funds			**57.49**			**0.00**
Nippon India Mutual Fund ETF Liquid BeES	36.71	1,000.00	0.00	35.20	1,000.00	0.00
Aditya Birla Sunlife Liquid Fund- Growth-Direct Plan(formerly known as Aditya Birla Sun Life Cash Plus)	15,83,308.60	10.00	57.49	-	-	-
Alternate investment fund			**1132.68**			**1099.22**
Phi Capital Growth Fund-I	339.12	1,00,000.00	8.59	306.78	1,00,000.00	10.06
Indiareit Apartment Fund - Class B	11.29	1,00,000.00	0.08	20.01	1,00,000.00	0.24
IIFL One Value Fund Series B - Class B	60,88,37,542.29	10.00	666.21	60,88,37,542.29	10.00	633.50
IIFL One Value Fund Series B - Class C	36,34,64,973.29	10.00	436.88	41,59,40,426.88	10.00	445.94
Faering Capital Growth Fund III	15,500.00	1,000.00	1.40	15,500.00	1,000.00	1.50
IIFL Securities Capital Enhancer Fund Class S	1,34,18,161.87	10.00	15.45	39,99,800.01	10.00	4.03
IIFL Securities Capital Enhancer Fund Class E	1,999.90	10.00	0.00	1,999.90	10.00	0.00
IIFL One Opportunities FOF - Series 1	30,95,601.13	10.00	4.07	30,65,261.70	10.00	3.95
Preference Shares			**38.17**			**-**
Open Financial Technologies Private Limited	201.00	100.00	38.17	-	-	-
Debt instruments			7.61			**9.59**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Crores)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Crores)
Elite Mortgage HL Trust June 2019 Series A PTC	5.00	3,58,54,404.00	**7.61**	5.00	3,58,54,404.00	9.59
Equity instruments			**0.05**			**0.05**
Alpha Microfinance Consultants Private Limited	50,000.00	10.00	0.05	50,000.00	10.00	0.05
Bonds			**346.52**			**-**
Andhra Pradesh State Beverages Corporation Limited	450.00	2,50,000.00	11.26	-	-	-
Andhra Pradesh State Beverages Corporation Limited	3,353.00	10,00,000.00	335.26	-	-	-
Government Securities			**5.04**			**-**
07.38 % Govt. 50,000,000.00 Stock 2027	5,00,000.00	100.00	5.04	-	-	**-**
Certificate of Deposits			**646.40**			**-**
Axis Bank Limited CD 15MAY23	500.00	5,00,000.00	24.78	-	-	-
Bank of Maharashtra CD 05APR23	2,000.00	10,00,000.00	98.49	-	-	-
Bank of Maharashtra CD 12MAY23	1,000.00	2,50,000.00	49.59	-	-	-
Canara Bank CD 17APR23	2,000.00	5,00,000.00	98.40	-	-	-
HDFC Bank Limited CD 13APR23	2,000.00	6,25,000.00	98.37	-	-	-
HDFC Bank Limited CD 15MAY23	1,600.00	4,00,000.00	79.31	-	-	-
Punjab National Bank CD 18MAY23	2,000.00	5,00,000.00	99.07	-	-	-
Punjab National Bank CD 23JUN23	2,000.00	5,00,000.00	98.39	-	-	-
Commercial Papers			**397.34**			**-**
National Bank For Agriculture And Rural Development 90D CP 20APR23	6,000.00	5,00,000.00	298.81	-	-	-
Small Industries Development Bank Of India 91D CP 16JUN23	2,000.00	5,00,000.00	98.53	-	-	-
Security Receipts			**1,209.60**			**445.39**
ACRE-110-Trust (Tranche I)	38,25,000.00	895.48	325.40	38,25,000.00	951.75	362.09
ACRE-110-Trust (Tranche II)	53,97,500.00	952.52	488.42	-	-	-
Arcil-SBPS-049-I-Trust	8,33,000.00	275.20	22.92	8,33,000.00	1,000.00	83.30
Phoenix Trust-FY23-20	21,25,000.00	1,000.00	212.50	-	-	-
Invent/2223/IIFL Samasta/P18 Trust	8,04,678.00	1,000.00	80.46	-	-	-
Invent/2223/IIFL Samasta/P19 Trust	7,99,000.00	1,000.00	79.90	-	-	-
Total Gross			**3,840.90**			**1,554.25**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Security deposits	49.27	40.91
Deposit with Exchange	0.25	0.25
Interest strip asset on assignment	1,309.34	795.53
Staff advances	0.26	0.21
Insurance receivable	65.28	50.58
Less: Provisions on insurance receivables (refer note 10.1)	(36.77)	(26.63)
Other receivables	215.17	57.62
Accrued interest on investments	7.20	-
Other advance	5.55	5.57
(Unsecured, considered doubtful)		
Security deposit for rented premises	0.98	1.12
Less: Impairment loss allowance on security deposit (refer note 10.2)	(0.98)	(1.12)
Total	**1,615.55**	**924.05**

Note 10.1 Provision on Insurance Receivable:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening	**26.63**	**18.17**
Addition	11.74	16.22
Reduction	(1.60)	(7.76)
Closing	**36.77**	**26.63**

Note 10.2 Provision on Security Deposits:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening	**1.12**	**1.13**
Addition	0.41	0.74
Reduction	(0.55)	(0.75)
Closing	**0.98**	**1.12**

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(₹ in Crores)

(A) Deferred tax asset	Opening balance (as on April 01, 2022)	Recognized in profit or loss	Recognized in/ reclassified from OCI *	Closing balance (as on March 31, 2023)
Deferred tax assets				
Property, plant and equipment	27.74	4.57	-	32.31
Provisions, allowances for doubtful receivables / loans	331.13	(7.30)	-	232.83
Compensated absences and retirement benefits	6.60	2.73	0.68	10.01
MTM on derivative financial instruments	0.74	(9.41)	(12.48)	(21.15)
Expenses deductible in future years	13.73	(4.45)	-	9.28

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

(A) Deferred tax asset	Opening balance (as on April 01, 2022)	Recognized in profit or loss	Recognized in/ reclassified from OCI *	Closing balance (as on March 31, 2023)
C/f losses on investments	(15.17)	(14.53)	-	(29.70)
Cash flow hedge reserve	101.77	-	(7.45)	94.32
Fair value of loans carried at FVTOCI	(3.24)	(3.45)	0.19	(6.50)
Leases - Ind AS 116	8.50	(1.45)	-	7.05
Income amortization (net)	(185.98)	(110.80)	-	(296.78)
Deferred tax assets (net)	**285.82**	**(144.09)**	**(19.06)**	**122.67**

(₹ in Crores)

(B) Deferred tax liability	Opening balance (as on April 01, 2022)	Recognized in profit or loss	Recognized in/ reclassified from OCI *	Closing balance (as on March 31, 2023)
Deferred tax liability				
Property, plant and equipment	-	(0.00)	-	(0.00)
Expenses deductible in future years	-	0.02	-	0.02
C/f losses on investments	-	(0.63)	-	(0.63)
Deferred tax liability (net)	**-**	**(0.61)**	**-**	**(0.61)**

Significant components of deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ in Crores)

(A) Deferred tax asset	Opening balance (as on April 01, 2021)	Recognized in profit or loss	Recognized in/ reclassified from OCI *	Closing balance (as on March 31, 2022)
Deferred tax assets				
Property, plant and equipment	24.63	3.11	-	27.74
Provisions, allowances for doubtful receivables / loans	331.53	(0.40)	-	331.13
Compensated absences and retirement benefits	5.86	0.73	0.01	6.60
MTM on derivative financial instruments	6.82	-	(6.08)	0.74
Expenses deductible in future years	13.10	0.63	-	13.73
C/f losses on investments	-	(15.17)	-	(15.17)
Cash flow hedge reserve	7.32	90.89	3.56	101.77
Fair value of loans carried at FVTOCI	0.19	-	(3.43)	(3.24)
Leases - Ind AS 116	7.14	1.36	-	8.50
Income amortization (net)	(85.45)	(100.53)	-	(185.98)
Deferred tax assets (net)	**311.14**	**(19.38)**	**(5.94)**	**285.82**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 12. INVESTMENT PROPERTY (AT COST)

(₹ in Crores)

Particulars	Property (Flats) (refer note 12.1) *	Building	Land (refer note 12.1)	Total
Gross carrying value				
As at April 01, 2022	**155.60**	**7.48**	**138.16**	**301.24**
Additions during the year	-	-	-	-
Deductions/adjustments during the year	-	(4.73)	-	(4.73)
As at March 31, 2023	**155.60**	**2.75**	**138.16**	**296.51**
Less : Impairment loss allowance/Adjustment	(0.01)	(0.46)	-	(0.47)
Net carrying value as at March 31, 2023	**155.59**	**2.29**	**138.16**	**296.04**
Fair value as on March 31, 2023 (Fair value hierarchy : Level 3)	192.18	3.68	150.66	346.53

*Distress value of above flats is ₹ 158.23 Crores.

(₹ in Crores)

Particulars	Property (Flats) (refer note 12.1) *	Building	Land (refer note 12.1)	Total
Gross carrying value				
As at April 01, 2021	**155.60**	**7.48**	**112.19**	**275.27**
Additions during the year	-	-	25.97	25.97
Deductions/adjustments during the year	-	-	-	-
As at March 31, 2022	**155.60**	**7.48**	**138.16**	**301.24**
Less : Impairment loss allowance	(0.01)	(0.85)	(5.19)	(6.05)
Net carrying value As at March 31, 2022	**155.59**	**6.63**	**132.97**	**295.19**
Fair value as on March 31, 2022 (Fair value hierarchy : Level 3)	175.98	8.78	132.97	317.74

*Distress value of above flats is ₹ 157.90 Crores.

Note 12.1: Management has acquired possession of these properties in satisfaction of the debts and intends to dispose them in due course, subject to conducive market conditions. These properties have been valued taking into consideration various factors such as location, facilities & amenities, quality of construction, percentage of completion of construction (as for some properties the construction is currently on hold), residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation and ready recknor published by government. These valuations has been performed by an independent registered valuer registered under rule 2 of Companies (Registered Valuers and Valuation) Rules,2017. The fair values are based on market values, being the estimated amount for which a property could be exchanged in an arm's length transaction. These properties are not depreciated as they have not been put to use.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

Particulars	Freehold Land *	Electrical Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 01, 2022	**0.09**	**2.26**	**135.96**	**1.57**	**28.98**	**24.55**	**40.19**	**69.89**	**303.49**
Additions during the year	-	1.82	40.91	0.69	16.25	-	12.60	22.35	94.62
Deductions/adjustments	-	(0.08)	(2.45)	-	(0.12)	-	(1.15)	(4.30)	(8.10)
As at March 31, 2023	**0.09**	**4.00**	**174.42**	**2.26**	**45.11**	**24.55**	**51.64**	**87.94**	**390.01**
Depreciation									
As at April 01, 2022	**-**	**1.43**	**65.08**	**1.53**	**10.92**	**7.05**	**21.18**	**45.78**	**152.97**
Depreciation for the year	-	0.60	32.09	0.07	6.69	1.47	9.66	15.31	65.89
Deductions/adjustments	-	(0.06)	(2.08)	-	(0.14)	(0.05)	(0.92)	(1.73)	(4.98)
Up to March 31, 2023	**-**	**1.97**	**95.09**	**1.60**	**17.47**	**8.47**	**29.92**	**59.36**	**213.88**
Net block As at March 31, 2023	**0.09**	**2.03**	**79.33**	**0.66**	**27.64**	**16.08**	**21.72**	**28.58**	**176.13**

* The above freehold Land is hypothecated with Debenture Trustee(s) for issue of secured non-convertible debentures.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	Freehold Land *	Electrical Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 01, 2021	**0.09**	**1.74**	**87.98**	**1.71**	**11.34**	**35.93**	**27.76**	**48.06**	**214.61**
Additions during the year	-	0.67	49.76	0.02	17.81	-	13.36	26.90	108.52
Deductions/adjustments	-	(0.15)	(1.78)	(0.16)	(0.17)	(11.38)	(0.93)	(5.07)	(19.64)
As at March 31, 2022	**0.09**	**2.26**	**135.96**	**1.57**	**28.98**	**24.55**	**40.19**	**69.89**	**303.49**
Depreciation									
As at April 01, 2021	**-**	**1.10**	**42.47**	**1.47**	**6.94**	**8.46**	**13.68**	**36.20**	**110.32**
Depreciation for the year	-	0.46	24.00	0.22	4.12	2.11	8.22	13.27	52.40
Deductions/adjustments	-	(0.13)	(1.39)	(0.16)	(0.14)	(3.52)	(0.72)	(3.69)	(9.75)
Up to March 31, 2022	**-**	**1.43**	**65.08**	**1.53**	**10.92**	**7.05**	**21.18**	**45.78**	**152.97**
Net block As at March 31, 2022	**0.09**	**0.83**	**70.88**	**0.04**	**18.06**	**17.50**	**19.01**	**24.11**	**150.52**

* The above freehold Land is hypothecated with Debenture Trustee(s) for issue of secured non-convertible debentures.

NOTE 13.1. CAPITAL-WORK-IN PROGRESS (CWIP)

Ageing schedule

2022-23 (₹ in Crores)

Particulars	As at March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	27.30	0.04	0.06	-	27.40
Projects temporarily suspended	-	-	-	-	-

2021-22 (₹ in Crores)

Particulars	As at March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5.14	0.50	-	-	5.64
Projects temporarily suspended	-	-	-	-	-

No projects were delayed for completion or had exceeded its cost compared to its original plan.

NOTE 14. LEASES

As a Lessee

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

(₹ in Crores)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2022	**326.33**	**1.20**	**327.53**
Addition during the year	162.53	3.28	165.81
Deduction/Adjustment	(22.18)	(0.06)	(22.23)
Depreciation during the year	(83.59)	(0.92)	(84.51)
Closing Balance As at March 31, 2023	**383.10**	**3.50**	**386.60**

(₹ in Crores)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2021	**297.76**	**0.84**	**298.60**
Addition during the year	101.75	1.13	102.88
Deduction/Adjustment	(6.04)	-	(6.04)
Depreciation during the year	(67.14)	(0.77)	(67.91)
Closing Balance As at March 31, 2022	**326.33**	**1.20**	**327.53**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	96.43	74.93
Non-current lease liabilities	317.00	285.75
Total	**413.43**	**360.68**

c) Movement in lease liabilities:

(₹ in Crores)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2022	**359.40**	**1.28**	**360.68**
Addition during the year	159.61	3.29	162.90
Deduction/Adjustment	(25.27)	(0.06)	(25.33)
Finance cost accrued during the period	34.42	0.20	34.62
Payment of lease liabilities	(118.39)	(1.05)	(119.44)
Closing Balance As at March 31, 2023	**409.77**	**3.66**	**413.43**

(₹ in Crores)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2021	**325.57**	**0.93**	**326.50**
Addition during the year	101.34	1.12	102.46
Deduction/Adjustment	(6.31)	-	(6.31)
Finance cost accrued during the period	30.66	0.13	30.79
Payment of lease liabilities	(91.87)	(0.90)	(92.76)
Closing Balance As at March 31, 2022	**359.40**	**1.28**	**360.68**

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

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	122.51	99.29
One to two years	102.23	89.31
Two to five years	189.74	174.49
More than five years	110.63	95.77
Total	**525.11**	**458.87**

e) Rental expense recorded for short-term leases was ₹ 32.32 Crores (P.Y ₹ 19.76 Crores)

f) Amounts recognized in profit or loss

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Interest on lease liabilities	34.62	30.79
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	0.42	0.46
Depreciation relating to leases	84.51	67.91
Total	**119.55**	**99.16**

g) Amounts recognized in the statement of cash flows

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Total cash outflow for leases	119.44	92.76

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 15. OTHER INTANGIBLE ASSETS

(₹ in Crores)

Particulars	Software
Cost or valuation as at April 01, 2022	**9.96**
Additions during the year	3.31
Deductions /Adjustments	-
As at March 31, 2023	**13.27**
Amortizations	
As at April 01, 2022	**7.85**
Additions during the year	2.04
Deductions /Adjustments	-
Up to March 31, 2023	**9.89**
Net block As at March 31, 2023	**3.38**

(₹ in Crores)

Particulars	Software
Cost or valuation as at April 01, 2021	**7.97**
Additions during the year	1.99
Deductions /Adjustments	-
As at March 31, 2022	**9.96**
Amortizations	**-**
As at April 01, 2021	**6.82**
Additions during the year	1.03
Deductions /Adjustments	**-**
Up to March 31, 2022	**7.85**
Net block As at March 31, 2022	**2.11**

NOTE 16. OTHER NON-FINANCIAL ASSETS

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Prepaid expenses	134.31	54.05
Receivable from securitization trust	80.00	236.50
Advances for operational expenses*	42.77	43.03
Deposit with government	1.98	1.97
GST / Service tax input	11.06	5.20
Advance towards gratuity (refer note 33.2)	-	1.19
Capital Advance	0.31	0.07
Other assets	2.08	10.59
Total	**272.53**	**352.60**

* Includes foreign currency payments amounting to ₹ 9.32 Crores (P.Y ₹ 9.07 Crores)

NOTE 17. ASSETS HELD FOR SALE

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets held for sale	13.32	17.55
Total	**13.32**	**17.55**

(i) Assets held for sale includes Group owned property which it intends to sell in the near future.One of the Property (Buidling) is pending sale beyond one year due to approvals pending from the relevant government authorities.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 18. PAYABLES

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
(I) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 18.1)	3.02	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	51.50	26.94
Accrued salaries and benefits	1.50	2.85
Provision for expenses	137.59	109.13
Other trade payables *	3.69	3.52
Sub-Total (ii)	**194.28**	**142.43**
Total (i+ii)	**197.30**	**142.43**
(II) Other Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	9.91
Total (II)	**-**	**9.91**

* including payable to Group Companies (refer note 41.2)

Note 18.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under The Micro, Small and Medium Enterprises Development Act, 2016 ("MSMED Act") on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED:

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
(a) Principal amount remaining unpaid to any supplier at the year end	3.02	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	0.00	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-	-

The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Group during the year to the suppliers registered under this Act.

NOTE 18.2 TRADE PAYABLES AGEING SCHEDULE

(₹ in Crores)

Particulars	Outstanding for following periods from due date of payment					Total
As at March 31, 2023	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3.00	0.02	-	-	-	3.02
(ii) Others	150.25	43.47	0.55	0.00	0.01	194.28
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Particulars	Outstanding for following periods from due date of payment					Total
As at March 31, 2022	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	113.17	29.21	0.03	0.02	-	142.43
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

NOTE 19. DEBT SECURITIES

(₹ in Crores)

Particulars	At Amortized Cost	
	As at March 31, 2023	As at March 31, 2022
(i) Non Convertible Debentures (Refer Note (a), (b), (c), 19.1 and 19.2) - Secured	7,659.78	7,463.66
Less : Unamortized debenture issue expenses	(25.73)	(43.19)
Less : Unexpired discount on NCD	(0.07)	(1.57)
(ii) Commercial Papers - Unsecured	-	100.90
Less : Unexpired discount on Commercial Paper	-	(1.74)
(iii) Interest accrued but not due	291.32	320.02
Total (A)	**7,925.30**	**7,838.08**
Debt Securities in India	5,614.20	5,317.35
Debt Securities outside India	2,311.10	2,520.73
Total (B)	**7,925.30**	**7,838.08**

Notes:

(a) These Non Convertible Debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.

(b) Non Convertible Debentures – Secured includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ 15.00 Crores (from December 20, 2023) and ₹ 15.00 Crores (from March 20, 2024) { As at March 31, 2022 ₹ 28.13 Crores (May 15, 2022), ₹ 15.00 Crores (from December 20, 2023) and ₹ 15.00 Crores (from March 20, 2024)}

(c) Non Convertible Debentures – Includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ Nil { As at March 31, 2022 ₹ 762.88 Crores (from September 07, 2022)}

NOTE 19.1 - TERMS OF REPAYMENT

Residual Maturity	As at March 31, 2023		As at March 31, 2022	
	Rate of Interest / Yield	Amount (₹ in Crores)	Rate of Interest / Yield	Amount (₹ in Crores)
Non Convertible Debenture (Secured):		**7,659.78**		**7,463.66**
Fixed:		**7,181.21**		**6,884.04**
More than 5 years	5.00% - 9.45%	2,458.92	5.00 % - 9.18%	1,935.90
3- 5 years	8.20% - 9.00%	812.24	8.20 % - 10.33%	491.58
1-3 years	8.25% - 10.33%	946.45	8.25% - 11.50%	3,796.76
Less than 1 years	8.25% - 11.50%	2,963.60	7.75% -15.25%	659.80
Floating:^		**115.00**		**28.13**
1-3 years	8.25%	115.00		
Less than 1 years			7.51%	28.13
Zero Coupon:		**363.57**		**551.49**
More than 5 years	8.75%	5.53	8.75%	5.53
3- 5 years	8.50% - 8.75%	31.44	8.50% - 8.75%	33.56
1-3 years	8.00% - 10.30%	255.30	8.00 % - 10.30%	325.66
Less than 1 years	8.25%	71.30	9.35% - 9.85%	186.74
Commercial Papers (Unsecured):		-		100.90
Less than 1 years	-	-	6.30%-7.50%	100.90
Total		**7,659.78**		**7,564.56**

^ The floating rate non convertible debentures are linked with Government securities / Treasury Bills interest rates plus applicable spread.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 19.2 - NON CONVERTIBLE DEBENTURES - INSTRUMENT WISE DETAILS

(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
5.875% Secured Medium Term Note. Date of Maturity- April 20, 2023 *	11.03%	2,251.39	2,453.40
11.50% Secured Listed, Rated Senior Taxable Redeemable Non-Convertible Debentures. Smfl Ncd Series 3. Date Of Maturity April 21, 2023	11.50%	15.00	15.00
11.50% Secured Listed, Rated Senior Taxable Redeemable Non-Convertible Debentures. Smfl Ncd Series 3. Date Of Maturity April 21, 2023	11.50%	100.00	100.00
9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D5. Date of maturity May 08, 2023	9.00%	100.00	-
11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Redeemable Non Convertible Debentrues. Series 1. Date Of Maturity June 05, 2023	11.50%	25.00	25.00
11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Redeemable Non Convertible Debentrues. Series 1. Date Of Maturity June 05, 2023	11.50%	15.00	15.00
11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Redeemable Non Convertible Debentrues. Series 1. Date Of Maturity June 05, 2023	11.50%	20.00	20.00
11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Inr Denominated Non-Convertible Debentures. Smfl Ncd Series 4. Date Of Maturity July 10, 2023	11.50%	25.00	25.00
Gsec Linked Secured Rated Listed Redeemable Non Convertible Debenture. Series Mld1 22-23. Date Of Maturity September 01, 2023.	11.01%	25.00	-
Gsec Linked Secured Rated Listed Redeemable Non Convertible Debenture. Series Mld1 22-23. Date Of Maturity September 01, 2023.	11.01%	80.00	-
8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity October 14, 2023	8.25%	307.21	-
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series II Date Of Maturity October 14, 2023	8.25%	71.30	71.43
G- Sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date Of Maturity April 25, 2024	9.12%	51.30	50.19
Gsec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures.Date Of Maturity April 30, 2024	9.00%	59.00	59.00
Gsec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures.Date Of Maturity April 30, 2024	9.00%	74.80	74.80
G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date Of Maturity June 27, 2024	10.30%	20.00	20.00
G-Sec Linked Secured Rated Listed Principal Proctected Market Linked Redeemable Non Convertible Debentures Series D21 Date Of Maturity July 25, 2024	8.50%	26.00	-
Gsec Linked Secured Rated Listed Principal Protected Market Linked Redeemable Non Convertible Debenture. Series D19. Date Of Maturity September 02, 2024	8.25%	115.00	-
Gsec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series D14. Date Of Maturity September 07, 2024	8.00%	100.00	100.00
8.50% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series III. Date Of Maturity October 14, 2024	8.50%	93.88	94.08
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series IV. Date Of Maturity October 14, 2024	8.50%	57.27	57.31
8.25% Secured Rated Listed Redeemable Non Convertible Debenture. Series I Tranche Ii. Date Of Maturity January 01, 2025	8.25%	225.72	225.72
Secured Rated Listed Redeemable Non Convertible Debenture. Series Ii Tranche Ii. Date Of Maturity January 03, 2025	8.25%	26.73	26.73

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
8.5% Secured Rated Listed Non Convertible Debentures Redeemable Series I Date Of Maturity January 24, 2025	8.50%	45.63	-
Secured Rated Listed Redeemable Non Convertible Debentures Series II Date Of Maturity January 24, 2025	8.50%	30.07	-
10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Maturity Date - December 19, 2025	10.33%	15.00	15.00
Secured Rated Listed Redeemable Non Convertible Debentures Series IV. Date Of Maturity January 24, 2026	8.75%	24.13	-
8.75% Secured Rated Listed Redemable Non Convertible Debentuers Series III Date Of Maturity January 24, 2026	8.75%	57.21	-
10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Maturity Date : March 20, 2026	10.05%	15.00	15.00
8.5% Secured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Series D8 Maturity March 31, 2026	8.50%	280.00	-
8.20% Secured Rated Listed Redeemable Non Convertible Debentures. Series D7.Date Of Maturity September 28, 2026	8.20%	112.00	112.00
8.42% Secured Rated Monthly Listed Redeemable Senior Non Convertible Debentures. Series V. Date Of Maturity October 14, 2026	8.42%	146.22	147.25
8.75% Secured Rated Annually Listed Redeemable Senior Non Convertible Debentures. Series VI. Date Of Maturity October 14, 2026	8.75%	135.72	136.08
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series VII. Date Of Maturity October 14, 2026	8.75%	27.19	29.31
8.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series Iii Tranche Ii. Date Of Maturity January 03, 2027	8.20%	52.65	52.65
8.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series Iv Tranche Ii. Date Of Maturity January 03, 2027	8.50%	13.60	13.60
Secured Rated Listed Redeemable Non Convertible Debenture. Series V Tranche Ii. Date Of Maturity January 03, 2027	8.50%	4.25	4.25
9% Secured Rated Listed Redeemable Non Convertible Debentures Series VI. Date Of Maturity January 24, 2028	9.00%	118.93	-
Secured Rated Listed Redeemable Non Convertible Debentures Series VII. Date Of Maturity January 24, 2028	9.00%	37.86	-
8.65% Secured Rated Listed Redeemable Non Convertible Debentures Series V Date Of Maturity January 24, 2028	8.65%	158.27	-
8.60% Secured Redeemable Non Convertible Debentures. Series. Seris D3. Maturity Date: February 11, 2028	8.60%	18.00	18.00
8.62% Secured Rated Listed Redeemable Non Convertible Debentures. Series D4.Date Of Maturity March 12, 2028	8.62%	19.00	19.00
8.43% Secured Rated Listed Redeemable Non Convertible Debenture. Series Vi Tranche Ii. Date Of Maturity January 03, 2029.	8.43%	53.74	53.74
8.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series Vii Tranche Ii. Date Of Maturity January 03, 2029	8.75%	22.18	22.18
Secured Rated Listed Redeemable Non Convertible Debenture. Series Viii Tranche Ii. Date Of Maturity January 03, 2029	8.75%	5.53	5.53
8.70% Secured Rated Listed Redeemable Non Convertible Debentures. Series D5.Date Of Maturity April 16, 2029	8.70%	36.00	36.00
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - October 03, 2029	9.18%	300.00	300.00
8.585% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad I.Date Of Maturity February 25, 2030	8.59%	433.30	433.30
8.70% Secured Rated Listed Redeemable Non Convertible Debentures. Series D6.Date Of Maturity May 14, 2030	8.70%	109.00	109.00

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(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
8.69% Secured Redeemable Non Convertible Debentures. Series. Series D2. Maturity Date: November 12, 2030.	8.69%	300.00	300.00
5% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad Ii. Date Of Maturity February 28, 2031	5.00%	74.70	74.70
8.33% Secured Rated Listed Redeemable Non Convertible Debentures. Series D13. Date Of Maturity June 30, 2031	8.33%	500.00	500.00
8.50% Secured Rated Listed Non Convertible Debentures. Series D15. Date Of Maturity January 21, 2032	8.50%	10.00	10.00
8.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series D16 Option A. Date Of Maturity March 24, 2032	8.60%	60.00	60.00
9% Secured Rated Listed Non Convertible Debenture. Series D17. Date Of Maturity July 15, 2032	9.00%	10.00	-
9.45% Secured Rated Listed Redeemable Non Convertible Debentures Series D20 Date Of Maturity November 01, 2032	9.45%	550.00	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity April 04, 2022	9.45%	-	24.00
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity April 21, 2022	9.35%	-	29.80
9.50% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - May 07, 2022	9.50%	-	260.50
9.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - May 07, 2022	9.60%	-	36.69
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series II - Category II,III & IV. Maturity Date - May 07, 2022	9.60%	-	42.24
Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity May 13, 2022	8.56%	-	28.13
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debentures. Series D10. Date Of Maturity May 17, 2022	8.00%	-	100.00
8.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D11. Date Of Maturity May 26, 2022	8.00%	-	25.00
Gsec Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. Series 1. Date Of Maturity June 02, 2022	9.55%	-	15.00
15.25% Secured Redeemable Non Convertible Debentures. F Group Debt Instruments Series 1-50. Date Of Maturity June 30, 2022	15.25%	-	5.00
Market Linked Secured Rated Listed Redeemable Non-Convertible Debentures. Series D3 Option II. Date Of Maturity September 27, 2022	9.50%	-	21.93
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity September 29, 2022	9.55%	-	58.00
9.50% Secured Rated Listed Redeemable Non-Convertible Debentures. Series II. Date Of Maturity December 06, 2022	9.50%	-	33.17
Zero coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series III. Date Of Maturity December 06, 2022	9.85%	-	10.77
9.85% Secured Rated Listed Redeemable Non-Convertible Debentures. Series IV. Date Of Maturity December 06, 2022	9.85%	-	64.44
Gsec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures.Date Of Maturity December 26, 2022	7.75%	-	50.00
Gsec Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. Series 2. Date Of Maturity January 02, 2023	9.65%	-	15.00
9.85% Secured Rated Listed Redeemable Non Convertible Debenture Series D4. Date Of Maturity January 17, 2023	9.85%	-	5.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
10.50% Secured Rated Unlisted Redeemable Non Convertible Debentures.Date Of Maturity March 18, 2023	10.50%	-	50.00
9.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D5. Date Of Maturity May 08, 2023	9.00%	-	100.00
8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity October 14, 2023	8.25%	-	307.53
9.75% Secured Rated Listed Redeemable Non Convertible Debentures. Series III. Maturity Date - February 07, 2024	9.75%	-	170.42
10.20% Secured Rated Listed Redeemable Non Convertible Debentures. Series IV. Maturity Date - February 07, 2024	10.20%	-	111.80
Total		**7,659.78**	**7,463.66**

* Includes hedging cost

NOTE 20. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Crores)

Particulars	At Amortized Cost	
	As at March 31, 2023	As at March 31, 2022
(A)		
(a) Term loan		
(i) From Banks, NHB and Financial Institutions (refer note (a), (b), (d) and 20.1)	25,946.45	21,864.90
(ii) From others (refer note (c) and 20.1)	1,232.55	757.93
Less : Prepaid expenses	(117.39)	(84.67)
(b) Other loans		
(i) Cash credit/ overdraft (refer note (a) and 20.2)	620.90	335.09
(ii) Securitization liability (refer note 20.2)	743.94	2,406.51
Less : Prepaid expenses	(4.16)	(11.79)
(c) Interest accrued but not due	53.97	51.41
Total (A)	**28,476.27**	**25,319.37**
(B)		
Borrowings in India	25,593.27	23,791.84
Borrowings outside India	2,883.00	1,527.53
Total (B)	**28,476.27**	**25,319.37**

Notes:

(a) These loans are secured by way of a first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.

(b) During the year the Group had borrowed ₹ 395.28 Crores (equivalent to US$ 50 Million) under External commercial borrowing. These are secured by way of first ranking pari passu charge by way of hypothecation on all borrower's charged asset in favour of the security trustee and specity exclusive charge.

(c) During the year the Group had also borrowed ₹ 822.00 Crores (equivalent to US$ 100 Million) under External commercial borrowing. These are secured by way of first ranking pari passu against all reivables/current assets of the borrower including book debts/receivables with both present and future but excluding book debt/recevables pertaining to capital market exposure and securitized asset.

(d) During the year ended March 31, 2022, the Group borrowed ₹ 379.25 Crores (equivalent to US$ 50 Million) through the External Commercial Borrowings towards refinancing of existing outstanding Medium Term Notes. These are secured by way of all rights, titles, interest, benefits, claims and demands, whatsoever of the Company in, to and in respect of, all present and future, receivables/assets, including Company's accounts, operating cash flows, current assets, book debts, stock in trade, loans and advances and receivables, both present and future to the extent of complying with the Security Coverage Ratio.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 20.1 - TERMS OF REPAYMENT OF TERM LOANS

Residual Maturity	As at March 31, 2023		As at March 31, 2022	
	Rate of Interest/ Yield	Amount (₹ in Crores)	Rate of Interest/ Yield	Amount (₹ in Crores)
Term loans from Banks and Financial institutions:*				
Fixed:		**6,716.95**		**6,352.09**
More than 5 years		-		-
3- 5 years	8.45% - 9.80%	786.39	8.45%-9.80%	642.05
1-3 years	8.00% - 11.50%	3,118.88	8.00% -11.50%	3,203.88
Less than 1 year	8.00% -11.50%	2,811.68	7.05% -12.00%	2,506.16
Floating:		**16,144.06**		**12,749.12**
More than 5 years	7.70% - 9.75%	1,602.86	7.70% - 9.50%	1,427.47
3- 5 years	7.70% -9.75%	1,985.13	7.70% -9.75%	1,824.97
1-3 years	7.70% -11.00%	5,852.14	7.40% -11.00%	5,294.62
Less than 1 year	7.70% -11.00%	6,703.94	6.00%-11.75%	4,202.05
Term loans from NHB:				
Fixed:		**3,085.44**		**2,763.70**
More than 5 years	2.80% -7.90%	783.14	2.94 % - 6.85 %	652.64
3- 5 years	2.80% -7.90%	723.32	2.94 % - 8.18 %	594.15
1-3 years	2.80% - 8.40%	1,092.71	2.94 % - 8.18 %	1,039.94
Less than 1 year	2.80% - 8.40%	486.28	2.94 % - 8.80 %	476.99
Term loans from others:**				
Floating:		**1,232.55**		**757.93**
3- 5 years	8.44% - 9.20%	1,232.55	8.62%	757.93
Total		**27,179.00**		**22,622.83**

*The rate of interest for the above term loans is linked to marginal cost of funds based lending rate/ treasury bills plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

** The rate of interest for the above loan is linked to the benchmark plus appropriate spread.

Note 20.2 - Terms of repayment of Other loans

Residual Maturity	As at March 31, 2023		As at March 31, 2022	
	Rate of Interest/ Yield	Amount (₹ in Crores)	Rate of Interest/ Yield	Amount (₹ in Crores)
Less than 1 year - CC/ ODFD ***	6.00%-9.75%	620.90	3.75% - 10.50%	335.09
Securitization:		**743.94**		**2,406.51**
Fixed:		**564.26**		**1,989.22**
1-3 years	-	-	7.50% - 10.10%	1,945.25
Less than 1 year	7.72%	564.26	7.72%	43.97
Floating:		**179.68**		**417.29**
More than 5 years	7.30%-8.05%	143.06	6.45% - 8.20%	318.94
3- 5 years	7.30%-8.05%	15.23	6.45% - 8.20%	39.16
1-3 years	7.30%-8.05%	14.56	6.45% - 8.20%	44.26
Less than 1 year	7.30%-8.05%	6.85	6.45% - 8.20%	14.93
Total		**1,364.84**		**2,741.59**

****The rate of interest for the above loans is linked to base rate of Bank's plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 21. UNSECURED/SUBORDINATED LIABILITIES

I. Unsecured, Unsubordinated Non Convertible Debentures

(₹ in Crores)

Particulars	At Amortized Cost	
	As at March 31, 2023	As at March 31, 2022
(A)		
(i) Unsecured Non Convertible Debentures - Other than Sub Debt	140.00	-
Less: Unamortized Debenture Issue Expenses	(0.99)	-
(ii) Interest Accrued on Debt Securities	0.81	-
Total (A)	**139.82**	**-**
(B)		
Unsubordinated liabilities in India	139.82	-
Unsubordinated liabilities outside India	-	-
Total (B)	**139.82**	**-**

II. Unsecured, Subordinated Non Convertible Debentures

(₹ in Crores)

Particulars	At Amortized Cost	
	As at March 31, 2023	As at March 31, 2022
(A)		
(i) Non Convertible Debentures	2,858.98	2,429.80
Less : Unamortized debenture issue expenses	(53.30)	(50.32)
(ii) Interest accrued but not due	256.92	188.57
Total (A)	**3,062.60**	**2,568.05**
(B)		
Subordinated liabilities in India	2,715.29	2,220.96
Subordinated liabilities outside India	347.31	347.09
Total (B)	**3,062.60**	**2,568.05**

NOTE 21.1 - TERMS OF REPAYMENT

(₹ in Crores)

Residual Maturity	As at March 31, 2023		As at March 31, 2022	
	Rate of Interest / Yield	Amount (₹ in Crores)	Rate of Interest / Yield	Amount (₹ in Crores)
Non Convertible Debenture (Unsecured)				
Fixed:		**2,748.53**		**2,179.35**
More than 5 years	9.35% - 11.25%	2,226.92	8.70% -10.50%	1,934.74
3- 5 years	8.80% - 9.05%	185.00	10.00% -10.00%	25.93
1-3 years	9.05% - 11.40%	179.11	8.93% -12.10%	170.68
Less than 1 years	8.93% - 12.10%	157.50	12.15% -16.90%	48.00
Zero Coupon		**250.45**		**250.45**
More than 5 years	9.35% - 10.03%	244.67	9.35% -10.03%	244.67
3- 5 years	-	-	10.50%	5.78
1-3 years	10.50%	5.78	-	-
Total		**2,998.98**		**2,429.80**

NOTES:

(a) Non Convertible Debentures – Includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ 50.00 Crores (from May 28, 2024), ₹ 30.77 Crores (from August 07, 2024), ₹ 15.45 Crores (from August 07, 2024), ₹ 10.00 Crores (from February 28, 2024), ₹ 126.52 Crores (from May 14, 2024), ₹ 40.00 Crores (from June 18, 2025) and ₹ 30.00 Crores (from July 14, 2025) { As at March 31, 2022 ₹ 50.00 Crores (from May 28, 2024), ₹ 30.77 Crores (from August 07, 2024), ₹ 15.45 Crores (from August 07, 2024), as at March 31,

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

2022 Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 10.00 Crores (from February 28, 2024), ₹ 126.52 Crores (from May 14, 2024), ₹ 40.00 Crores (from June 18, 2025) and ₹ 30.00 Crores (from July 14, 2025)}

(b) Unsecured Non convertible Debentures - Sub Debt includes debentures amounting to ₹ 11 Cr (P.Y. ₹ 11 Cr) in respect of which the Company is having a call option at the end of the 5th year from July 20, 2018.

Note 21.2 - Non Convertible Debentures - instrument wise details

(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date Of Maturity April 14, 2023	8.93%	50.00	50.00
12.10% Unsecured Redeemable Non Convertible Debentures. Date Of Maturity May 24, 2023	12.10%	10.00	10.00
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo5. Date Of Maturity May 29, 2023	9.30%	15.00	15.00
10.50% Unsecured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Series A Date Of Maturity December 20, 2023	11.40%	50.00	-
Nifty 50 Index Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Date Of Maturity April 19, 2024	10.15%	21.85	21.85
Nifty 50 Index Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Date Of Maturity April 19, 2024	10.15%	67.15	67.15
Nifty 50 Index Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Date Of Maturity April 18, 2024	9.05%	6.68	6.68
11.40% Unsecured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Series B Date Of Maturity December 19, 2024	10.50%	50.00	-
10.75% Unsecured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Date Of Maturity February 24, 2025	10.75%	40.00	-
10.00% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series V. Date Of Maturity June 06, 2025	10.00%	25.93	25.93
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity June 06, 2025	10.50%	5.78	5.78
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date Of Maturity July 27, 2027	8.85%	75.00	75.00
8.70% Unsecured Listed Redeemable Subordinated Non Convertible Debentures. Series U03. Date Of Maturity November 19, 2027	8.70%	100.00	100.00
9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date Of Maturity February 28, 2028	9.05%	10.00	10.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date Of Maturity June 16, 2028	9.85%	40.00	40.00
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture.Series I . Date Of Maturity June 24, 2028	10.00%	274.69	274.69
9.60% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series II . Date Of Maturity June 24, 2028	9.60%	328.02	328.02
Zero Coupon Unsecured Rated Listed Redeemable Non Convertible Debenture.Series III . Date Of Maturity June 24, 2028	10.03%	68.14	68.14
9.00% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Date of Maturity June 28, 2028	9.00%	325.00	325.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date Of Maturity July 13, 2028	9.85%	30.00	30.00
11.25% Unsecured Rated Listed Subordinate Tier Ii Redeemable Non Convertible Debenture. Letter Of Allotment. Date Of Maturity July 19, 2028.	11.25%	150.00	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Description of security	Coupon/ Yield	As at March 31, 2023	As at March 31, 2022
Zero coupon Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date of Maturity August 25, 2028	9.35%	50.00	50.00
Zero Coupon G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series Ua3. Date Of Maturity August 11, 2028	9.40%	126.30	126.52
10% Unsecured Rated Listed Redeemable Non Convertible Debentures. Series I.Date Of Maturity November 03, 2028	10.00%	232.72	232.72
9.6% Unsecured Rated Listed Redeemable Non Convertible Debentures. Series Ii.Date Of Maturity : November 03, 2028	9.60%	382.82	382.82
Unsecured Rated Listed Redeemable Non Convertible Debentures. Series Iii.Date Of Maturity :November 03, 2028	10.02%	40.28	40.28
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Maturity Date - February 07, 2029	10.00%	30.77	30.77
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Maturity Date - February 26, 2029	10.50%	15.45	15.45
11.25% Unsecured Rated Listed Redeemable Non Convertible Debenture. Letter Of Allotment Date Of Maturity April 02, 2029.	11.25%	25.00	-
9.35% Unsecured Rated Listed Subordinated Redeemable Non Convertible Debenture. Series D16 Option B. Date Of Maturity March 24, 2032	9.35%	50.00	50.00
9.65% Unsecured Rated Listed Subordinate Tier Ii Non Convertible Debenture. Series D18. Date Of Maturity July 26, 2032	9.65%	236.70	-
9.45% Unsecured Rated Listed Redeemable Non Convertible Debentures Series D22 Date Maturity December 27, 2032	9.45%	65.69	-
16.90% Unsecured Redeemable Non Convertible Debentures. F Group Debt Instruments Series 1-50. Date Of Maturity June 30, 2022	16.90%	-	5.00
12.15% Unsecured Redeemable Non-Convertible Debenture. Date Of Maturity August 30, 2022	12.15%	-	20.00
12.20% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date Of Maturity November 04, 2022	12.20%	-	23.00
Total		**2,998.98**	**2,429.80**

NOTE 22. OTHER FINANCIAL LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Temporary overdrawn bank balances	787.68	747.19
Payable on account of assignment/securitization	1,037.22	1,826.94
Payable towards NCD	2.26	2.22
Unclaimed dividend	5.13	1.76
Other payables (auction proceeds, retention payable, etc.) (refer note 22.1 and 22.2)	197.95	242.43
Total	**2,030.24**	**2,820.54**

Note 22.1: During the year, amount of ₹ 0.35 Crores (P.Y ₹ 0.59 Crores) was transferred to Investor Education and Protection Fund (IEPF). As of March 31, 2023 ₹ 0.00 Crores (P.Y.₹ 0.01 Crores) was due for transfer to the IEPF. The same was subsequently transferred.

Note 22.2: Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 0.04 Crores (P.Y ₹ 0.04 Crores)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 23: PROVISIONS

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	50.36	31.52
Provision for leave encashment	24.55	18.79
Provision for gratuity (refer note 33.2)	9.64	4.79
Expected loan loss provision on loans sanctioned but undrawn	0.22	9.00
Total	**84.77**	**64.11**

NOTE 24. OTHER NON-FINANCIAL LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Income received in advance	0.04	0.04
Advances from customers	316.04	63.80
Others	12.58	-
Statutory remittances	51.99	39.10
Total	**380.65**	**102.94**

NOTE 25: EQUITY SHARE CAPITAL

(i) Authorized, Issued, Subscribed and Paid-up Share Capital

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorized Share Capital		
2,35,52,50,000 Equity Shares (P.Y 2,35,52,50,000) of ₹ 2 each	471.05	471.05
50,00,00,000 Preference Shares (P.Y 50,00,00,000) of ₹ 10 each	500.00	500.00
Total	**971.05**	**971.05**
Issued, Subscribed and Paid-up Share Capital		
38,04,30,389 Equity Shares (P.Y 37,95,98,711) of ₹ 2 each fully paid with voting rights	76.09	75.92
Total	**76.09**	**75.92**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
Equity Shares				
At the beginning of the year	37,95,98,711	75.92	37,88,40,676	75.77
Add: Shares issued during the year	8,31,678	0.17	7,58,035	0.15
Outstanding at the end of the year	**38,04,30,389**	**76.09**	**37,95,98,711**	**75.92**

(iii) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2023, equity shareholders were paid an interim dividend of ₹ 4.00/- (P.Y ₹ 3.50/-) per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(iv) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Limited	8,46,41,445	22.25%	8,46,41,445	22.30%
CDC Group PLC	-	-	2,95,01,587	7.77%
Nirmal Bhanwarlal Jain	4,77,19,154	12.54%	4,77,19,154	12.57%
HWIC Asia Fund Class A shares	-	-	-	-
Smallcap World Fund, Inc	2,82,78,861	7.43%	1,96,71,937	5.18%
Parajia Bharat Himatlal	1,97,20,000	5.18%	2,03,88,602	5.37%

(v) Details of Shareholding of Promoters

Promoter name	As at March 31, 2023		
	No. of Shares	% of total shares	% Change during the year*
Nirmal Bhanwarlal Jain	4,77,19,154	12.54%	(0.03%)
Madhu N Jain	1,20,75,000	3.17%	(0.01%)
Venkataraman Rajamani	1,09,84,432	2.89%	0.00%
Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust)	1,00,00,000	2.63%	0.00%
Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust)	90,00,000	2.37%	0.00%
Aditi Athavankar	2,00,000	0.05%	0.00%
Ardent Impex Private Limited	32,68,904	0.86%	0.00%
Orpheus Trading Private Limited	13,00,000	0.34%	0.00%
Total	**94,547,490**	**24.85%**	

* The change in percentage is due to dilution of Share Capital

Promoter name	As at March 31, 2022		
	No. of Shares	% of total shares	% Change during the year
Nirmal Bhanwarlal Jain	4,77,19,154	12.57%	-0.03%
Madhu N Jain	1,20,75,000	3.18%	-0.01%
Venkataraman Rajamani	1,09,84,432	2.89%	-0.01%
Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust)	1,00,00,000	2.63%	-0.01%
Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust)	90,00,000	2.37%	-0.01%
Aditi Athavankar	2,00,000	0.05%	0.00%
Ardent Impex Private Limited	32,68,904	0.86%	0.00%
Orpheus Trading Private Limited	13,00,000	0.34%	0.00%
Total	**9,45,47,490**	**24.91%**	

*The change in Percentage is due to dilution of share capital

(vi) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back except for 58,654,556 equity shares alloted on account of merger during the year ended March 31, 2020.

(vii) Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments, including the terms and amount: Refer note 39 for details of shares reserved for issue under Employee Stock Option Plan of the Group.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Note 25.1: Other Equity

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Share Application Money	**-**	**-**
Capital Reserve	**83.89**	**83.89**
Securities Premium Reserve		
Opening Balance	1,845.85	1,840.98
Add: Share issue expenses	(24.13)	(8.34)
Add/(Less): Change in minority	(689.64)	-
Add: Addition during the year	2,289.17	8.45
Add/(Less): Transfer to/ (from) reserves	6.07	4.76
Closing Balance	**3,427.32**	**1,845.85**
General Reserve		
Opening Balance	653.22	653.15
Add/(Less): Change in minority	(29.36)	-
Add/(Less): Transfer to/ (from) reserves	1.09	0.07
Closing Balance	**624.95**	**653.22**
Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934		
Opening Balance	845.60	640.25
Add/(Less): Transfer to/ (from) reserves	186.51	205.35
Closing Balance	**1,032.11**	**845.60**
Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987		
Opening Balance	402.97	287.37
Add/(Less): Change in minority	(92.39)	-
Add/(Less): Transfer to/ (from) reserves	158.10	115.60
Closing Balance	**468.68**	**402.97**
Capital Redemption Reserve	**230.11**	**230.11**
Debenture Redemption Reserve	**12.80**	**12.80**
Retained Earnings		
Opening Balance	2,332.71	1,589.93
Add: Profit for the year	1,500.30	1,187.89
Less: Interim dividend	(173.63)	(132.82)
Add: Change in minority	(287.07)	0.37
Add/(Less): Transfer to/ (from) reserves	(344.61)	(312.66)
Add: Addition during the year	-	-
Closing Balance	**3,027.70**	**2,332.71**
Stock Compensation Reserve		
Opening Balance	14.19	15.91
Add: Addition during the year	2.62	3.10
Add/(Less): Transfer to/ (from) reserves	(7.16)	(4.82)
Closing Balance	**9.65**	**14.19**
Effective portion of Cash Flow Hedges		
Opening Balance	(39.39)	(38.41)
Add: Other comprehensive income/ (loss)	34.76	(0.98)
Closing Balance	**(4.63)**	**(39.39)**
Fair value of loans carried at FVTOCI		
Opening Balance	9.65	(0.57)
Add: Other comprehensive income/ (loss)	(0.56)	10.22
Closing Balance	**9.09**	**9.65**
Remeasurements of defined benefit		
Opening Balance	(3.69)	(3.66)
Add: Other comprehensive income/ (loss)	(2.01)	(0.03)
Closing Balance	**(5.70)**	**(3.69)**
Total	**8,915.97**	**6,387.91**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Non-Controlling Interest

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	5.90	5.92
Profit for the year	107.25	0.36
Other comprehensive income	(1.52)	(0.01)
Change in minority	1,098.46	(0.37)
Closing Balance	**1,210.08**	**5.90**

Note 26.1 Interest Income

(₹ in Crores)

Particulars	FY 2022-23				FY 2021-22			
	On financial assets measured at amortized cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortized cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	6,300.62	-	795.64	7,096.26	5,269.69	-	683.31	5,953.00
Interest on investments	55.35	32.37	-	87.72	0.90	62.99	-	63.89
Interest on deposits with banks	167.32	-	-	167.32	90.01	-	-	90.01
Interest on inter corporate deposit	17.97	-	-	17.97	27.63	-	-	27.63
Total	**6,541.26**	**32.37**	**795.64**	**7,369.27**	**5,388.23**	**62.99**	**683.31**	**6,134.53**

Note 26.2 Dividend Income

The Group received dividend income amounting to ₹ 0.00 Crores (P.Y ₹ 0.00 Crores).

NOTE 27. FEES AND COMMISSION INCOME

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Administration Fees & Other charges	199.85	137.94
Insurance Commission	28.67	15.26
Total	**228.52**	**153.20**

NOTE 28. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	147.25	155.77
- Derivatives	-	-
Fair value changes		
- Realized	82.68	77.20
- Unrealized	64.58	78.58
Total net gain/(loss) on fair value changes	**147.25**	**155.77**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 29. OTHER INCOME

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Interest on income tax refund	25.53	3.53
Profit on sale of fixed assets	3.08	1.90
Marketing, advertisement and support service fees	127.58	133.15
Miscellaneous income	32.06	30.32
Total	**188.26**	**168.88**

NOTE 30. FINANCE COST

(₹ in Crores)

Particulars	On Financial liabilities measured at Amortized Cost	
	FY 2022-23	FY 2021-22
Interest on debt securities (refer note 30.1)	679.84	848.62
Interest on borrowings (other than debt securities) (refer note 30.1)	2,093.89	1,752.81
Interest on subordinated liabilities	273.86	234.72
Discount on Commercial Paper	2.72	21.42
Interest on inter corporate deposit	1.25	9.01
Interest expense on lease - Ind AS 116	34.62	30.79
Other borrowing cost (refer note 30.1)	124.66	86.06
Interest Expense on other borrowings	10.98	7.56
Total	**3,221.83**	**2,991.00**

Note 30.1: Includes foreign currency expenses incurred amounting to ₹ 403.18 Crores (P.Y ₹ 251.54 Crores)

NOTE 31. NET (GAIN)/ LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
(A) Net (gain) on derecognition of financial instruments under amortized cost category		
- Interest strip on assignment of loans	(513.81)	(411.23)
(B) Net loss on derecognition of financial instruments under amortized cost category		
- Bad debts written off (net)	934.99	904.22

NOTE 32. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Crores)

Particulars	FY 2022-23			FY 2021-22		
	On financial assets measured at amortized cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortized cost	On financial assets classified at fair value through OCI	Total
Loans (refer note 8.3)	(65.08)	(14.46)	(79.54)	(9.04)	0.88	(8.16)
Other financial assets	10.69	-	10.69	8.77	-	8.77
Total	**(54.40)**	**(14.46)**	**(68.86)**	**(0.27)**	**0.88**	**0.59**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 33. EMPLOYEE BENEFIT EXPENSES

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Salaries	1,190.25	831.33
Contribution to provident and other funds (refer note 33.1)	74.20	54.88
Leave encashment	14.22	9.12
Gratuity (refer note 33.2)	8.08	6.44
Staff welfare expenses*	40.60	27.02
Share based payments	2.14	1.95
Total	**1,329.50**	**930.74**

* Includes foreign currency expenses incurred amounting to Nil (P.Y 0.01 Crores)

33.1 DEFINED CONTRIBUTION PLANS

The Group has recognized the following amounts as an expense and included in the Employee benefit expenses

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Contribution to Provident fund	18.36	14.23
Contribution to Employee State Insurance Corporation	10.05	7.89
Contribution to Labour welfare fund	0.20	0.15
Company contribution to employee pension scheme	44.92	32.18
Contribution to NPS & IVTB	0.67	0.43
Total	**74.20**	**54.88**

33.2 GRATUITY DISCLOSURE STATEMENT

Particulars	FY 2022-23			FY 2021-22		
	Finance	HFC	Samasta	Finance	HFC	Samasta
Type of Benefit	Gratuity			Gratuity		
Country	India			India		
Reporting Currency	₹			₹		
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)			Indian Accounting Standard 19 (Ind AS 19)		
Funding Status	Funded			Funded		
Starting Period	01-Apr-22			01-Apr-21		
Date of Reporting	31-Mar-23			31-Mar-22		
Period of Reporting	12 Months			12 Months		

Particulars	FY 2022-23			FY 2021-22		
	Finance	HFC	Samasta	Finance	HFC	Samasta
Expected Return on Plan Assets	7.29% - 7.46%			5.66% - 6.98%		
Rate of Discounting	7.29% - 7.46%			5.66% - 6.98%		
Rate of Salary Increase	6.00% - 9.00%			6.00% - 9.00%		
Rate of Employee Turnover	For service 4 years and below 28.00% p.a. For service 5 years and above 2.00% p.a.	For service 4 years and below 28.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below: 35%p.a For service 5 years and above: 10.00% p.a	For service 4 years and below 28.00% p.a. For service 5 years and above 2.00% p.a.	For service 4 years and below 28.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below: 35%p.a For service 5 years and above: 10.00% p.a
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)			Indian Assured Lives Mortality 2012-14 (Urban)		
Mortality Rate After Employment	N.A.			N.A.		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Table Showing Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the Beginning of the Year	**32.77**	**28.12**
Interest Cost	2.20	1.79
Current Service Cost	7.79	6.29
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	0.14	0.25
(Liability Transferred Out/ Divestments)	(0.16)	(0.33)
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-	(0.01)
(Benefit Paid From the Fund)	(4.05)	(3.00)
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	(0.00)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(3.69)	(2.34)
Actuarial (Gains)/Losses on Obligations - Due to Experience	5.70	1.98
Present Value of Benefit Obligation at the End of the Year	**40.69**	**32.77**

(₹ in Crores)

Table Showing Change in the Fair Value of Plan Assets	FY 2022-23	FY 2021-22
Fair Value of Plan Assets at the Beginning of the Year	**29.20**	**25.89**
Interest Income	2.01	1.69
Contributions by the Employer	4.69	5.01
Expected Contributions by the Employees	-	-
Assets transferred in/ acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	(4.05)	(3.00)
(Assets Distributed on Settlements)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	(0.68)	(0.39)
Fair Value of Plan Assets at the End of the Year	**31.17**	**29.20**

(₹ in Crores)

Amount Recognized in the Balance Sheet	FY 2022-23	FY 2021-22
(Present Value of Benefit Obligation at the end of the Year)	(40.69)	(32.77)
Fair Value of Plan Assets at the end of the Year	31.17	29.20
Funded Status (Surplus/ (Deficit))	(9.52)	(3.57)
Net (Liability)/Asset Recognized in the Balance Sheet	(9.52)	(3.57)
Assets recognized in the Balance Sheet under "Other non-financial assets"	-	1.18
Liabilities recognized in the Balance Sheet under "Provisions"	(9.52)	(4.75)

Unfunded gratuity- The above table does not depict unfunded gratuity liability amounting to ₹ 0.12 Crores, correspondingly expense of the equivalent amount has been charged to Profit and Loss A/c.

(₹ in Crores)

Net Interest Cost for Current Year	FY 2022-23	FY 2021-22
Present Value of Benefit Obligation at the Beginning of the Year	32.77	28.12
(Fair Value of Plan Assets at the Beginning of the Year)	(29.20)	(25.89)
Net Liability/(Asset) at the Beginning	3.56	2.22
Interest Cost	2.20	1.79
(Interest Income)	(2.01)	(1.69)
Net Interest Cost for Current Year	**0.19**	**0.10**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Expenses Recognized in the Statement of Profit or Loss for Current Year	FY 2022-23	FY 2021-22
Current Service Cost	7.79	6.29
Net Interest Cost	0.19	0.10
Past Service Cost	-	-
Expenses Recognized	**7.98**	**6.40**

(₹ in Crores)

Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year	FY 2022-23	FY 2021-22
Actuarial (Gains)/Losses on Obligation For the Year	2.01	(0.35)
Return on Plan Assets, Excluding Interest Income	0.68	0.39
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Year Recognized in OCI	**2.69**	**0.03**

(₹ in Crores)

Balance Sheet Reconciliation	FY 2022-23	FY 2021-22
Opening Net Liability	3.57	2.22
Expenses Recognized in Statement of Profit or Loss	7.98	6.40
Expenses Recognized in OCI	2.69	0.03
Net Liability/(Asset) Transfer In	0.14	0.25
Net (Liability)/Asset Transfer Out	(0.16)	(0.33)
(Benefit Paid Directly by the Employer)	-	(0.01)
(Employer's Contribution)	(4.69)	(5.01)
Net Liability/(Asset) Recognized in the Balance Sheet	**9.52**	**3.57**

(₹ in Crores)

Category of Assets	FY 2022-23	FY 2021-22
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	31.17	27.47
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**31.17**	**27.47**

Information for major category of plan assets of gratuity fund is not available with the Group and hence not disclosed.

(₹ in Crores)

Expenses recognized in the Statement of Profit or Loss for next year	FY 2022-23	FY 2021-22
Current service cost	8.41	7.19
Net interest cost	0.43	0.08
(Expected contributions by the employees)	-	-
Expenses recognized	**8.84**	**7.26**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Maturity Analysis of the Benefit Payments: From the Fund	FY 2022-23	FY 2021-22
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	3.92	0.69
2nd Following Year	1.31	0.93
3rd Following Year	1.39	1.07
4th Following Year	1.51	1.13
5th Following Year	1.86	1.21
Sum of Years 6 To 10	9.50	7.41
Sum of Years 11 and above	118.37	100.48

(₹ in Crores)

Sensitivity analysis	FY 2022-23	FY 2021-22
Projected Benefit Obligation on Current Assumptions	40.69	32.77
Delta Effect of +1% Change in Rate of Discounting	(5.02)	(4.44)
Delta Effect of -1% Change in Rate of Discounting	5.54	5.46
Delta Effect of +1% Change in Rate of Salary Increase	5.34	4.77
Delta Effect of -1% Change in Rate of Salary Increase	(4.53)	(4.06)
Delta Effect of +1% Change in Rate of Employee Turnover	0.16	(0.21)
Delta Effect of -1% Change in Rate of Employee Turnover	(0.24)	0.21

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes

Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary escalation & attrition rate are in line with the industry practice considering promotion and demand and supply of the employees.

Maturity analysis of benefit payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.

Value of asset is considered as fair value of plan asset for the period of reporting.

Qualitative disclosures

Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Company is exposed to the following risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset liability matching risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan.

Note: The above information is as provided by the Actuary, which has been relied upon by the auditors.

NOTE 34. OTHER EXPENSES

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Advertisement and marketing expenses (refer note 34.1)	75.74	50.05
Direct operating expenses	101.46	52.09
Bank charges	23.17	20.30
Commission to non whole-time directors	0.66	0.61
Communication costs	14.73	12.92
Electricity	22.75	15.35
Exchange and statutory charges	4.53	4.54
Legal & professional fees (refer note 34.1)	143.53	87.04
Directors sitting fees	1.81	1.08
Office expenses	24.24	20.11
Postage & courier	7.63	7.71
Printing & stationery	14.62	8.96
Rates & taxes	2.19	1.98
Rent	32.32	19.76
Repairs & maintenance		
- Computer	2.44	1.95
- Others (refer note 34.1)	15.44	13.98
Remuneration to auditors		
- Audit fees	1.26	0.99
- Certification / other services (refer note 34.2)	0.63	0.24
- Out of pocket expenses	0.14	0.06
Software charges (refer note 34.1)	46.39	39.26
Travelling & conveyance (refer note 34.1)	71.50	40.30
Corporate social responsibility expenses (refer note 43)	21.80	18.77
Miscellaneous expenses	13.81	8.47
Insurance premium	14.46	20.22
Security expenses	106.35	92.59
Loss on sale of fixed assets (net)	0.94	0.03
Total	**764.54**	**539.38**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 34.1: INCLUDES BELOW PAYMENTS DONE IN FOREIGN CURRENCY

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Advertisement and marketing expenses	0.17	-
Travelling & conveyance	0.19	0.03
Repairs & maintenance- Others	-	0.03
Miscellaneous expenses	0.03	-
Software charges	0.33	0.06
Legal & professional fees	1.14	1.39

Note 34.2: During the year the Group has paid ₹ 0.25 Crores (P.Y ₹ 0.97 Crores) to the auditors towards certification required under its Public Issue of Non Convertible Debentures, the same has been amortized over the tenure of the borrowings.

NOTE 35. INCOME TAXES

(₹ in Crores)

Amounts recognized in statement of profit or loss	FY 2022-23	FY 2021-22
Current tax expense		
Current year	362.70	327.78
Changes in estimates related to prior years	(2.41)	0.57
Deferred tax expense		
Origination and reversal of temporary differences	144.68	19.38
Total	**504.97**	**347.72**

(₹ in Crores)

Amounts recognized in other comprehensive income	FY 2022-23			FY 2021-22		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	(2.69)	0.68	(2.01)	(0.04)	0.01	(0.03)
Cash flow hedge (net)	46.45	(11.69)	34.76	(1.30)	0.33	(0.97)
Fair value of loans carried at FVTOCI	(0.75)	0.19	(0.56)	13.65	(3.44)	10.21
Total	**43.01**	**(10.82)**	**32.19**	**12.31**	**(3.10)**	**9.21**

(₹ in Crores)

Reconciliation of income tax expense of the year to accounting year	FY 2022-23	FY 2021-22
Profit before tax	**2,112.52**	**1,535.98**
Tax using the Group's domestic tax rate	564.75	405.48
Tax effect of:		-
Non-deductible expenses	6.75	5.60
Tax-exempt income - others (includes deduction under section 80JJAA)	(41.07)	(35.57)
Tax-exempt income- dividend	(22.36)	(15.83)
Income taxed at different rates	(0.82)	(4.08)
Others	0.01	0.02
Adjustments for current tax for prior periods	(2.41)	0.57
Differential tax rate in subsidiary	0.69	1.15
Past-year losses for which no deferred tax asset is recognized	(1.33)	(9.95)
Recognition of previously unrecognized deductible temporary differences	0.76	0.33
Total income tax expense	**504.97**	**347.72**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 36. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with Ind AS 33 "Earnings per share".

Particulars		FY 2022-23	FY 2021-22
Face value of equity shares in ₹ fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of Profit and Loss (₹ in Crores)		1,500.30	1,187.89
Profit after tax attributable to equity share holders (₹ in Crores)	A	1,500.30	1,187.89
Weighted average number of equity shares outstanding	B	37,98,80,425	37,91,94,372
Basic EPS (In ₹)	**A/B**	**39.49**	**31.33**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		37,98,80,425	37,91,94,372
Add: Potential equity shares on account conversion of Employees Stock Options		30,15,015	22,54,850
Weighted average number of equity shares for computation of diluted EPS	C	38,28,95,439	38,14,49,222
Diluted EPS (In ₹)	**A/C**	**39.18**	**31.14**

NOTE 37. RISK MANAGEMENT

The Group's activities expose it to market risk, liquidity risk and credit risk.

Risk management is integral to the Group's strategy. An enterprise wide risk management framework is in place to govern the Group's risk management processes. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed to ensure minimal impact on the Group's growth and performance.

The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage.

A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement.

The Group's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Risk management is integral to Group's strategy. The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decizions related to risk-return balance, capital allocation and product pricing. The Group operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed, to ensure minimal impact on the Group's growth and performance.

Risk Management Structure

The Group has established multi-level risk governance for monitoring & control of product and entity level risks. The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Risk Management Committee (""RMC"") which is responsible for monitoring the overall risk process within the Group. The RMC is empowered to develop an independent risk strategy comprizing of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer (""CRO"") who reports to the Chief Executive Officer (""CEO"") with oversight of RMC of the Board. The Risk department primarily operationalizes risk management framework approved by RMC.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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The group has a well –defined risk framework constituting various lines of defence – the first line of defence, consisting of management, is responsible for seamless integration of risk principles across all businesses. Additionally, it ensures adequate managerial and supervisory controls to ensure compliance and highlight inadequate processes and unexpected events. The Group has well-defined internal control measures in every process.

Independent risk and policy team constitutes second line of defence which is responsible for identification and assessment of entity-wide risks. Post its identification, it aims to mitigate risks either through portfolio trigger and caps (Credit risk) or through ongoing risk control and self assessment (Operational risk)

Internal Audit function is the third line of defence that independently reviews activities of the first two lines of defence and reports to the Audit Committee of the Board.

Risk Management Practices

The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage. A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement. In event of susceptibility to external triggers, appropriate risk mitigation would be undertaken and thereby minimize the losses to the Group.

It has initiated a detailed portfolio quality review mechanism which enables analysis of portfolio along various behavioural, demographic and financial parameters. Additionally, through tie-ups with external bureaus, an analysis of collection performance coupled with continuous credit assessment for various key segments is undertaken. The practices aid in proactive course correction thereby modifying credit or sourcing mechanisms, if required. Additionally, application scorecard has been developed enabling the Group to standardize credit underwriting & improve sourcing quality in the long run.

The Group's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analysed and tested on timely basis. The same is presented to Risk Management Committee at periodic intervals.

In order to minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as cross currency interest rate swaps are entered to hedge certain foreign currency risk exposures and variable interest rate exposures.

The Group's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

37A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables.

Credit quality analysis

The following tables sets out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts..

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Particulars	As at March 31, 2023				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach	Total
Cash and cash equivalents	-	-	-	3,630.65	**3,630.65**
Bank Balance other than above	-	-	-	2,208.36	**2,208.36**
Receivables					
(i) Trade Receivables	-	-	1.66	127.07	**128.73**
(ii) Other Receivables	-	-	-	151.96	**151.96**
Loans *	31,053.25	2,061.97	813.29	-	**33,928.51**
Investments	-	-	-	1,051.40	**1,051.40**
Other Financial assets	-	-	-	1,653.31	**1,653.31**

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.

(₹ in Crores)

Particulars	As at March 31, 2022				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach	Total
Cash and cash equivalents	-	-	-	6,211.64	**6,211.64**
Bank Balance other than above	-	-	-	1,945.29	**1,945.29**
Receivables					
(i) Trade Receivables	-	-	0.00	183.28	**183.28**
(ii) Other Receivables	-	-	-	15.80	**15.80**
Loans *	26,105.29	2,122.55	972.35	-	**29,200.19**
Investments	-	-	-	9.64	**9.64**
Other Financial assets	-	-	-	951.80	**951.80**

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.

Financial Assets Measured Using Simplified Approach

The Group follows 'simplified approach' for recognition of impairment loss allowance on Cash and Cash Equivalents, Bank Balances, Trade Receivables, other receivables and Other Financial Assets. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

37A.2. Collateral held

The Group holds collateral and other credit enhancements against certain of its credit exposures. The loans are collateralized against equitable mortgage of property, pledge of shares, hypothecation of assets, Company personal guarantees, physical gold, undertaking to create security.

37A.3. Loss allowance and Exposure at default

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
OPENING ECL MAR-22	**641.16**	**61.84**	**195.80**	**11.35**	**409.22**	**112.49**	**1,246.18**	**185.68**
New loans disbursed during the year	377.44	25.55	15.54	2.30	87.97	7.96	480.95	35.82
Loans closed/written off during the year	(213.13)	(33.06)	(65.91)	(4.77)	(329.31)	(85.58)	(608.35)	(123.41)
Movement in provision without change in asset staging	(106.43)	6.35	31.87	2.44	42.66	46.81	(31.90)	55.60
Movement in provision due to change in asset staging	17.57	4.86	(38.83)	(1.09)	90.08	4.27	68.82	8.04
Closing ECL Mar-23	**716.61**	**65.54**	**138.48**	**10.23**	**300.62**	**85.95**	**1,155.71**	**161.74**

(₹ in Crores)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL Mar-21	**629.99**	**67.29**	**194.70**	**55.78**	**382.90**	**116.95**	**1,207.59**	**240.02**
New loans disbursed during the year	323.45	24.22	16.75	1.82	88.61	2.74	428.81	28.79
Loans closed/written off during the year	(278.08)	(36.87)	(76.15)	(45.66)	(241.38)	(50.61)	(595.61)	(133.14)
Movement in provision without change in asset staging	(15.99)	4.13	71.64	3.70	44.31	39.94	99.96	47.77
Movement in provision due to change in asset staging	(18.21)	3.07	(11.14)	(4.29)	134.78	3.47	105.43	2.25
Closing ECL Mar-22	**641.16**	**61.84**	**195.80**	**11.35**	**409.22**	**112.49**	**1,246.18**	**185.68**

The following tables show reconciliations from the opening to the closing balance of the exposure at default (EAD) by class of financial instrument.

(₹ in Crores)

Reconciliation of exposure at default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2022	**31,166.50**	**2,569.11**	**2,039.69**	**137.26**	**860.19**	**112.00**	**34,066.38**	**2,818.38**
New loans disbursed during the year	24,195.99	1,680.15	642.19	39.84	179.69	7.86	25,017.87	1,727.85
Loans closed/written off during the year	(12,744.41)	(691.29)	(1,003.28)	(50.65)	(674.63)	(85.32)	(14,422.31)	(827.26)
Movement in EAD without change in asset staging	(4,156.58)	(1,208.23)	(87.31)	(23.85)	(14.94)	25.66	(4,258.83)	(1,206.42)
Movement in EAD due to change in asset staging	(1,060.29)	(56.89)	380.53	15.69	378.38	24.23	(301.38)	(16.97)
Closing EAD Mar-2023	**37,401.20**	**2,292.85**	**1,971.83**	**118.28**	**728.70**	**84.44**	**40,101.73**	**2,495.58**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2021	**29,517.98**	**2,385.91**	**3,397.77**	**268.15**	**696.23**	**116.35**	**33,611.98**	**2,770.41**
New loans disbursed during the year	21,156.35	857.49	501.35	23.00	155.53	2.09	21,813.24	882.59
Loans closed/written off during the year	(13,130.60)	(1,033.20)	(1,798.07)	(154.22)	(389.49)	(50.50)	(15,318.16	(1,237.93)
Movement in EAD without change in asset staging	(5,394.51)	417.48	(230.41)	(10.85)	(10.55)	27.26	(5,635.45)	433.88
Movement in EAD due to change in asset staging	(982.74)	(58.56)	169.05	11.19	408.47	16.80	(405.23)	(30.56)
Closing EAD Mar-2022	**31,166.50**	**2,569.11**	**2,039.69**	**137.26**	**860.19**	**112.00**	**34,066.38**	**2,818.38**

37A.4. Write Off

Contractual amount outstanding on financial assets that were written off during the reporting period is ₹ 934.99 Crores (P.Y ₹ 904.22 Crores)

37A.5. Modified Financial Instruments

For financial assets, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that the modification does not result in cash flows that are substantially different (thereby not resulting into derecognition), the Group has recorded a modification gain or loss based on the change in cash flows discounted at the original EIR (Effective Interest Rate).

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Value of Modified Assets at the time of modification	534.05	2,372.91
Value of Modified Assets outstanding at end of year	528.39	2,509.35
Modification Gain/ (Loss)	(5.66)	136.44

The above modification is in accordance with the provisions defined in the Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Circular No DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (updated as on February 22, 2019) and the "The Housing Finance Companies (NHB) Directions, 2010".

37A.6. Credit Risk Grading of Loans

Credit Risk Grading is an important tool for credit risk management as it helps in understanding and evaluating risks for different credit transactions.

The Group has established overall credit limits at the level of individual borrowers and counterparties, and groups of connected counterparties. It manages and controls credit risk by confining the amount of risk it is willing to accept for individual counterparties, for geographical concentrations, and by closely monitoring such exposures.

The Group has a Credit Risk Policy which is board approved and shared with all credit approving authorities. All customers will be evaluated on a set of pre-defined parameters as detailed below and accordingly classified into any of the following categories:

1. Low Risk
2. Medium Risk
3. High Risk – This category of customers will not be actively sourced by the Group. Any customer, identified as High Risk, can be funded by the Group basis exceptional comfort and availability of justifying mitigates. The extent and nature of due diligence will be the highest for this category.

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The assessment of a customer being classified into high, medium or low is based on various parameters at the time of on-boarding which are captured in the Credit Approval Memorandum by the credit manager and validated by the relevant approving authority. The parameters are as follows:

1. Customer Profile
2. Financial health
3. Business vintage
4. Credit history
5. Industry feedback
6. Other qualitative/ quantitative factors as mentioned in the policy

Every customer once being stamped into a risk category on a periodic basis would further be subjected to change of his risk profile depending on the repayment history and DPDs through an independent credit quality review process. This process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Credit Grading Details:

(₹ in Crores)

Period	Stage 1	Stage 2	Stage 3	Total EAD
March 31, 2023	39,694.04	2,090.11	813.14	42,597.30
March 31, 2022	33,735.61	2,176.95	972.19	36,884.75

37A.7. Concentration of Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Group does not have concentration risk.

37B Liquidity Risk

Liquidity risk refers to the risk that the Group may not be able to meet its short-term financial obligations. The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of credit lines. Further, the Group has well defined Asset Liability Management (ALM) framework with an appropriate organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Group seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

(i) Maturities of financial liabilities

(₹ in Crores)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2023	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	42.37	28.40	0.96	9.22	3.78	-	-
Trade payables	197.30	195.61	0.47	0.65	0.56	0.01	-
Other payables	-	-	-	-	-	-	-
Finance lease obligation *	525.11	29.02	28.49	65.01	179.16	112.83	110.62
Debt securities	7,925.30	2,623.59	157.63	449.74	1,394.34	848.36	2,451.64
Borrowings (other than debt securities) (Note 1)	28,476.27	3,045.37	2,813.52	4,664.40	11,824.89	3,636.58	2,491.51
Subordinated liabilities	3,202.42	113.46	65.99	59.69	242.06	180.92	2,540.30
Other financial liabilities	2,030.24	2,000.88	18.48	7.41	3.47	-	-
Financial guarantee contracts	584.94	584.94	-	-	-	-	-
Total	**42,983.93**	**8,621.26**	**3,085.54**	**5,256.12**	**13,648.24**	**4,778.70**	**7,594.06**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2022	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	164.39	3.06	-	3.17	158.16	-	-
Trade payables	142.43	140.23	0.19	0.99	0.04	0.98	-
Other payables	9.91	9.91	-	-	-	-	-
Finance lease obligation *	458.87	24.34	24.05	50.91	153.54	110.27	95.77
Debt securities	7,838.08	841.02	155.01	242.75	4,138.75	526.32	1,934.23
Borrowings (other than debt securities) (Note 1)	25,319.37	1,834.56	1,955.70	4,273.91	11,842.92	3,044.21	2,368.08
Subordinated liabilities	2,568.05	38.66	31.06	28.11	211.07	33.40	2,225.75
Other financial liabilities	2,820.54	2,791.36	3.17	-	-	26.02	-
Financial guarantee contracts	845.50	845.50	-	-	-	-	-
Total	**40,167.12**	**6,528.62**	**2,169.15**	**4,599.85**	**16,504.47**	**3,741.19**	**6,623.84**

* The amount represent undiscounted cash flows

Note 1: Borrowings includes cash credit facilities, has been slotted in "over 6 months to 1 year" and "over 1 year to 3 years" in the ratio of 40% and 60% respectively.

Note 2: In computing the above information with respect to cash credit and overdraft facilities with Banks, the Management has made certain estimates and assumptions which have been relied upon by the auditors.

(ii) Financing Arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,053.65	1,779.87
- Expiring beyond one year (bank loans)	-	-

37C Market Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

Financial institutions may be exposed to Market Risk in variety of ways. Market risk exposure may be explicit in portfolios of securities / equities and instruments that are actively traded. Conversely it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arize from activities categorized as off-balance sheet item. Therefore market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

The Group's exposure to market risk is primarily on account of interest rate risk and Foreign exchange risk.

37C.1 Interest Rate Risk

(a) The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Variable rate borrowings	18,292.19	14,287.54
Fixed rate borrowings	20,910.42	21,071.24
Total borrowings	**39,202.60**	**35,358.78**

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The Group had the following variable rate borrowings outstanding and cross currency interest rate swap contracts outstanding:

(₹ in Crores)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	9.28%	16,944.64	43.22%	8.63%	13,501.49	38.18%
External Commercial borrowings	8.44%	1,232.55	3.14%	8.62%	757.93	2.14%
Non convertible debentures	8.25%	115.00	0.29%	7.51%	28.13	0.08%
Net exposure to cash flow interest rate risk		**18,292.19**			**14,287.54**	
Currency Interest Rate Swaps	8.97%	**1,394.53**	3.56%	9.36%	**387.64**	1.10%

An analysis by maturities is provided in note 37(B)(i) above. The percentage of total loans shows the proportion of loans that are currently at floating rates in relation to the total amount of borrowings.

The Group had the following variable rate loans outstanding: (₹ in Crores)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Weighted average interest rate (%)	Balance	% of total loans	Weighted average interest rate (%)	Balance	% of total loans
Floating rate loans	12.93%	18,283.62	44.25%	11.44%	15,862.96	45.17%

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates (assuming other variable constant)

(₹ in Crores)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Interest rates – increase by 30 basis points	(41.07)	(32.07)	-	-
Interest rates – decrease by 30 basis points	41.07	32.07	-	-

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates (assuming other variable constant)

(₹ in Crores)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Interest rates – increase by 30 basis points	41.05	35.61	-	-
Interest rates – decrease by 30 basis points	(41.05)	(35.61)	-	-

37C.2. Exposure to Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from banks and External Commercial Borrowings (ECB).

The Group follows a conservative policy of hedging its foreign currency exposure through Forwards and / or Cross Currency Interest Rate Swaps (CCRIS) in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Group's profit before tax (PBT) and equity.

The Group's currency position is as under (₹ in Crores)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets (in ₹)*	189.91	-	-	-	-	-
Foreign Currency Liabilities (in ₹)*	33.15	-	-	-	-	-
Net Gap as at March 31, 2023	**156.76**	**-**	**-**	**-**	**-**	**-**

(₹ in Crores)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets (in ₹)*	45.85	-	-	-	-	-
Foreign Currency Liabilities (in ₹)*	154.52	-	-	-	-	-
Net Gap as at March 31, 2022	**(108.67)**	**-**	**-**	**-**	**-**	**-**

*It is fully hedged by forward contract and CCIRS

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Crores)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
US$ sensitivity				
₹/US$ -Increase by 5%	-	-	(182.45)	(134.33)
₹/US$ -Decrease by 5%	-	-	182.45	134.33

The sensitivity on profit and loss is due to the timing difference of the maturity of the Cross currency interest rate swap. On the date of maturity of the Cross currency interest rate swap, the sensitivity of profit and loss to changes in the exchange rates will be Nil.

37C.3. Price Risk

(a) Exposure

The Group's exposure to assets having price risk is as under

(₹ in Crores)

Particulars	Equity Share	Mutual Funds /Alternate investment funds/ others	Bonds	Security Receipts	Total
Market Value as on March 31, 2023	0.05	2,284.73	346.52	879.70	3,511.00
Market Value as on March 31, 2022	0.05	1,108.81	-	83.30	1,192.16

To manage its price risk arising from investments in equity securities/other assets, the Group diversifies its portfolio.

(b) Sensitivity

The table below summarizes the impact of increases/decreases of the index on the Group's equity/other assets and profit for the period. The analysis is based on the assumption that the instrument index has increased by 5% or decreased by 5% with all other variables held constant.

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(₹ in Crores)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Increase 5%	131.37	44.61	-	-
Decrease 5%	(131.37)	(44.61)	-	-

37D.Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the shareholder value. The Group monitors capital in accordance with the capital adequacy ratio prescribed by the Reserve Bank of India ("RBI")/ National Housing Bank ("NHB") as applicable.

37E. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer an liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

The following table shows an analysis of financial instruments recorded at Fair Value hierarchy:

(₹ in Crores)

Particulars	As at March 31, 2023		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Financial assets			
Cash and cash equivalents	-	-	3,630.67
Bank Balance other than (a) above	-	-	2,208.36
Derivative financial instruments	9.22	214.36	-
Receivables			
(i) Trade receivables	-	-	121.43
(ii) Other receivables	-	-	151.96
Loans	-	6,923.97	33,077.14
Investments	2,459.60	-	1,051.40
Other financial assets	-	-	1,615.55
Total financial assets	**2,468.82**	**7,138.33**	**41,856.51**
Financial liabilities			
Derivative financial instruments	9.22	33.14	-
Trade payables	-	-	197.30
Other Payables	-	-	-
Finance lease obligation	-	-	413.43
Debt securities	-	-	7,925.30
Borrowings (other than debt securities)	-	-	28,476.27
Subordinated liabilities	-	-	3,202.42
Other financial liabilities	-	-	2,030.24
Total financial liabilities	**9.22**	**33.14**	**42,244.95**

(₹ in Crores)

Particulars	As at March 31, 2022		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Financial assets			
Cash and cash equivalents	-	-	6,211.64
Bank Balance other than (a) above	-	-	1,945.29
Derivative financial instruments	9.87	64.41	-
Receivables			
(i) Trade receivables	-	-	183.20
(ii) Other receivables	-	-	15.80
Loans	-	5,662.46	28,030.43
Investments	1,182.52	-	9.64
Other financial assets	-	-	924.05
Total financial assets	**1,192.39**	**5,726.87**	**37,320.05**
Financial liabilities			
Derivative financial instruments	9.87	154.52	-
Trade payables	-	-	142.43
Other Payables	-	-	9.91
Finance lease obligation	-	-	360.68
Debt securities	-	-	7,838.08
Borrowings (other than debt securities)	-	-	25,319.37
Subordinated liabilities	-	-	2,568.05
Other financial liabilities	-	-	2,820.54
Total financial liabilities	**9.87**	**154.52**	**39,059.07**

37E. 1. Financial instruments measured at fair value – Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

37E.2. Valuation methodologies of financial instruments measured at fair value

(i) Quoted equity/instruments are measured based on the last traded price in the exchange and are classified as level 1.

(ii) Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.

(iii) Alternate Investment Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.

(iv) Equity instruments in non-listed entities are initially recognized at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.

(v) Equity instruments in listed entities that are quoted market prices (unadjusted) in active markets for identical instruments are classified at level 1.

(vi) Government Securities are valued based on the closing price published by CCIL/ FIMMDA for March 2020 respectively and are classified as level 2.

(vii) Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/ designated agencies viz: CRISIL and ICRA and are classified as level 2.

(viii) The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs.

(ix) Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.

(x) Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.

(xi) The fair value principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date and are classified as Level 2.

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(₹ in Crores)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
Financial assets					
Forward rate agreements and interest rate swaps	-	214.36	-	214.36	214.36
Call option included under Debt securities & Subordinated liabilities	-	9.22	-	9.22	9.22
Loans - classified under FVOCI	-	-	6,923.97	6,923.97	6,923.97
Investments	**404.01**	**43.21**	**2,012.38**	**2,459.60**	**2,459.60**
• *Mutual Funds/Alternate Investment fund / Others*	57.49	-	1,132.68	1,190.17	1,190.17
• *Security Receipts*	-	-	879.70	879.70	879.70
• *Debt Securities*	346.52	-	-	346.52	346.52
• *Government Securities*	-	5.04	-	5.04	5.04
• *Preference Shares*	-	38.17	-	38.17	38.17
• *Certificate of Deposits*	-	-	-	-	-
• *Commercial Papers*	-	-	-	-	-
Total financial assets	**404.01**	**266.79**	**8,936.35**	**9,607.15**	**9,607.15**
Financial liabilities					
Forward rate agreements /CCIRS	-	33.15	-	33.15	33.15
Interest rate derivative	-	-	-	-	-
Call option included under Debt securities & Subordinated liabilities	-	9.22	-	9.22	9.22
Total financial liabilities	**-**	**42.37**	**-**	**42.37**	**42.37**

(₹ in Crores)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2022					
Financial assets					
Forward rate agreements and interest rate swaps	-	64.41	-	64.41	64.41
Call option included under Debt securities & Subordinated liabilities	-	9.87	-	9.87	9.87
Loans - classified under FVOCI	-	-	5,662.46	5,662.46	5,662.46
Investments	**0.00**	**-**	**1,182.52**	**1,182.52**	**1,182.52**
• *Mutual Funds/Alternate Investment fund / Others*	0.00	-	1,099.22	1,099.22	1,099.22
• *Security Receipts*	-	-	83.30	83.30	83.30
Total financial assets	**0.00**	**74.28**	**6,844.98**	**6,919.26**	**6,919.26**
Financial liabilities					
Forward rate agreements /CCIRS	-	154.52	-	154.52	154.52
Interest rate derivative	-	-	-	-	-
Call option included under Debt securities & Subordinated liabilities	-	9.87	-	9.87	9.87
Total financial liabilities	**-**	**164.39**	**-**	**164.39**	**164.39**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

37E.3. Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, other receivables, balances other than cash and cash equivalents and trade payables.

Loans, Debts, Borrowings and Subordinated Debts

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identitical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value. Loans and advances are presented net of provisions for impairment.

(₹ in Crores)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2023	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	3,630.67	3,630.67	
Bank Balance other than included above	2,208.36	2,208.36	
Receivables			
(i) Trade Receivables	121.43	121.43	
(ii) Other Receivables	151.96	151.96	
Loans	32,449.59	33,077.14	Level 3
Investment in debt securities	1,051.40	1,051.40	
Other Financial assets	1,615.55	1,615.55	
Total financial assets	**41,228.96**	**41,856.51**	
Financial Liabilities			
Trade Payables	197.30	197.30	
Finance lease obligation	413.43	413.43	
Debt Securities *	7,551.37	7,925.30	Level 3
Borrowings (Other than debt securities)	28,476.27	28,476.27	Level 3
Subordinated Liabilities	3,161.48	3,202.42	Level 3
Other financial liabilities	2,030.24	2,030.24	
Total financial liabilities	**41,830.10**	**42,244.97**	

(₹ in Crores)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2022	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	6,211.64	6,211.64	
Bank Balance other than included above	1,945.29	1,945.29	
Receivables			
(i) Trade Receivables	183.20	183.20	
(ii) Other Receivables	15.80	15.80	
Loans	21,915.81	28,030.43	Level 3

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(₹ in Crores)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2022	Total Fair value	Carrying value	Valuation hierarchy
Investment in debt securities	9.64	9.64	
Other Financial assets	924.05	924.05	
Total financial assets	**31,205.43**	**37,320.05**	
Financial Liabilities			
Trade Payables	142.43	142.43	
Other payables	9.91	9.91	
Finance lease obligation	360.68	360.68	
Debt Securities *	7,662.86	7,838.08	Level 3
Borrowings (Other than Debt Securities)	24,182.83	25,319.37	Level 3
Subordinated Liabilities	2,591.86	2,568.05	Level 3
Other financial liabilities	**2,820.54**	**2,820.54**	
Total financial liabilities	**37,771.12**	**39,059.07**	

* For MTN Bond book value is been considered as fair value.

37.E.4 Movements in Level 3 financial instruments measured at fair value :

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Security Receipts	Equity
Balances as at April 01, 2022	**5,662.46**	**1,099.22**	**83.30**	**-**
Issuances	13,996.06	79.82	913.70	-
Re-classified to amortized cost	(624.07)	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(12,110.48)	(143.44)	(95.39)	-
Total gain /losses recognized in profit and loss	-	97.09	(21.91)	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Balances As at March 31, 2023	**6,923.97**	**1,132.69**	**879.70**	**-**
Unrealized gain /losses related to balances held at the end of financial year	-	165.66	**(21.91)**	-

(₹ in Crores)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Security Receipts	Equity
Balances as at April 01, 2021	**5,217.17**	**7.11**	**-**	**-**
Issuances	12,444.01	1,196.64	103.71	-
Re-classified to amortized cost	(821.07)	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(11,177.65)	(174.04)	(20.41)	-
Total gain /losses recognized in profit and loss	-	69.51	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Balances As at March 31, 2022	**5,662.46**	**1,099.22**	**83.30**	**-**
Unrealized gain /losses related to balances held at the end of financial year	-	68.57	**-**	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

37 F. Transferred financial assets that are derecognized in their entirety

During the year ended March 31, 2022, the Group has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plans, the Group's business model remains to hold the assets for collecting contractual cash flows.

The following table provide a summary of the amount of the derecognized financial assets during the year and the gain/(loss) on derecognition, which qualify for derecognition:

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22
Financial assets derecognized during the year	12,110.48	11,177.65
Gain from derecognition	543.87	515.27

37 G. Transferred financial assets that are recognized in their entirety:

The Group uses securitizations as a source of finance. Such transaction resulted in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Such deals resulted in continued recognition of the securitized assets since the Group retains substantial risks and rewards. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognized in their entirety and associated liabilities.

(₹ in Crores)

Securitizations	As at March 31, 2023	As at March 31, 2022
Carrying amount of transferred assets measured at amortized cost	743.94	2,406.51
Carrying amount of associated liabilities	743.94	2,406.51
Fair value of assets	743.81	2,405.76
Fair value of associated liabilities	743.94	2,406.10

NOTE 38. CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Contingent Liabilities:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
In respect of Income tax demands (refer note a and b)	79.51	66.31
In respect of Service tax/ GST demands (including interest accrued and refer note c)	65.84	83.17
In respect of Profession Tax demands (refer note d)	0.16	0.16
In respect of Bank guarantees given (refer note e)	584.94	845.50
In respect of Corporate guarantees given	23.34	23.34
In respect of legal case/ penalties/others	1.17	0.16
Contingent liability in respect of credit enhancement for securitization transaction	79.95	195.67
In respect of Stamp Duty (refer note f)	16.66	16.66

(a) The Group has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to income tax demand is ₹ 71.34 Crores (P.Y ₹ 41.77 Crores).

(c) Amount paid under protest with respect to service tax demand ₹ 1.89 Crores (P.Y ₹ 1.89 Crores) and with respect to GST demand ₹ 0.12 Crores (P.Y ₹ 0.02 Crores).

(d) Amount paid under protest with respect to profession tax demand ₹ 0.05 Crores (P.Y ₹ 0.05 Crores).

(e) Guarantee has been given on behalf of subsidiary.

(f) The Group had received demand towards stamp duty on account of the Composite Scheme of Arrangement. The demand had been raised for a sum of ₹ 75.00 Crores. As per the scheme document any incidental expenses will be borne by the

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resulting companies i.e IIFL Finance Limited, IIFL Securities Limited and 360 ONE WAM Limited (Formerly known as IIFL Wealth Management Limited) equally. The Company has appealed against the same and paid ₹ 8.34 Crores under protest towards its share of the liability and shown ₹ 16.66 Crores as Contingent.The matter is pending before the court.

(g) Apart from the above, Company is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's financial position.

Commitments Not Provided For.

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments related to loans sanctioned but undrawn	2,139.07	2,483.11
Estimated amount of contracts remaining to be executed on capital and operating account	19.90	18.75
Commitments related to alternate investment funds	9.77	20.59

Note 39. Employee Stock Option

The Company has implemented Employee Stock Option Scheme 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Nomination and Remuneration Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under.

(₹ in Crores)

Particulars	As at March 2023 ESOP 2008	As at March 2022 ESOP 2008
Number of Option outstanding	9,36,947	11,47,105
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	March 08, 2016, April 29, 2017, May 06, 2021, August 20, 2021, December 22, 2021, August 26, 2022, October 15, 2022.	August 05, 2014, March 02, 2015, March 08, 2016, April 29, 2017, September 04, 2020, May 06, 2021, August 20, 2021 and December 22, 2021.
Grant Price (₹ Per Share)	₹ 82.02, ₹ 218.71, ₹ 252.00, ₹ 252.00, ₹ 271.40, ₹ 341.65, ₹ 350.00	₹ 61.40, ₹ 82.73, ₹ 82.02, ₹ 218.71, ₹ 126.64, ₹ 252.00, ₹ 252.00 and ₹ 271.40

(b) (i) Movement of options during the year ended March 31,2022

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2022	**11,47,105**	**82.02-271.40**	**222.89**	**5.44**
Granted during the year	2,00,000	341.65-350.00	343.74	-
Expired/forfeited during the year	2,67,233	82.02- 252.00	215.90	-
Exercised during the year	1,42,925	82.02- 271.40	174.85	-
Outstanding as on March 31, 2023	**9,36,947**	**82.02-350.00**	**274.97**	**5.44**
Exercisable as on March 31, 2023	**75,788**	**252.00-271.40**	**288.15**	**4.54**

b) (ii) Movement of options during year ended March 31, 2022

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2021	**3,31,525**	**82.02-218.71**	**93.70**	**2.65**
Granted during the year	9,25,000	252.00-271.40	252.52	-
Expired/forfeited during the year	14,360	82.00	82.65	-
Exercised during the year	95,060	82.02-82.73	82.04	-
Outstanding as on March 31, 2022	**11,47,105**	**82.02-271.40**	**222.89**	**5.44**
Exercisable as on March 31, 2022	**1,77,105**	**82.02-271.40**	**92.54**	**1.14**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2008			
	October 15, 2022	August 26, 2022	December 22, 2021	August 20, 2021
Stock price (₹)	350.00	341.65	271.40	252.00
Volatility	10.00%	10.00%	10.00%	10.00%
Risk-free Rate	7.37%	7.02%	5.81%	5.77%
Exercise price (₹)	350.00	341.65	271.40	252.00
Time to Maturity (Years)	5.00	5.00	5.00	5.00
Dividend yield	3.00%	3.00%	3.00%	3.00%
Weight Average Value (₹)	45.31	42.15	35.40	35.40

Particulars	ESOP 2008			
	May 06, 2021	September 04, 2020	April 29, 2017	March 08, 2016
Stock price (₹)	252.00	87.85	218.71	82.02
Volatility	10.00%	10.00%	10.00%	10.00%
Risk-free Rate	5.66%	6.56%	6.66%	7.47%
Exercise price (₹)	252.00	126.64	218.71	82.02
Time to Maturity (Years)	5.00	5.00	5.00	5.00
Dividend yield	3.00%	3.00%	3.00%	3.00%
Weight Average Value (₹)	34.72	21.10	201.65	76.59

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.

Volatility: The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

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Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

The Company has granted Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

a) The details of various Employee Stock Option Schemes are as under:

(₹ in Crores)

Particulars	As at March 2023 ESOP 2020	As at March 2022 ESOP 2020
Number of Option outstanding	27,05,444	35,72,033
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	December 02, 2015, February 08, 2017, May 02, 2018, November 21, 2018 and January 18, 2019	December 02, 2015, March 09, 2016, February 08, 2017, May 02, 2018, September 04, 2018, November 21, 2018, January 18, 2019 and September 18, 2019
Grant Price (₹ Per Share)	₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 182.22	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63

(b) (i) Movement of options during the year ended March 31, 2023

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2022	**35,72,033**	**61.48-182.22**	**154.91**	**3.19**
Granted during the year	-	-	-	-
Expired/forfeited during the year	1,77,836	106.67- 182.22	238.57	-
Exercised during the year	6,88,753	61.48-182.22	189.43	-
Outstanding as on March 31, 2023	**27,05,444**	**106.67- 182.22**	**212.21**	**2.29**
Exercisable as on March 31, 2023	**20,62,979**	**106.67- 182.22**	**218.51**	**2.35**

(b) (ii) Movement of options during the year ended March 31, 2022

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2021	**44,33,233**	**61.48-182.22**	**150.40**	**4.06**
Granted during the year	-	-	-	-
Expired/forfeited during the year	1,98,225	177.04-182.22	177.37	-
Exercised during the year	6,62,975	61.48-182.22	118.03	-
Outstanding as on March 31, 2022	**35,72,033**	**61.48-182.22**	**154.91**	**3.19**
Exercisable as on March 31, 2022	**20,31,205**	**61.48-182.22**	**150.73**	**3.05**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

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Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2020			
	January 18, 2019	January 18, 2019	November 21, 2018	May 02, 2018
Stock price (₹)	179.63	179.63	179.63	179.63
Volatility	59.00%	59.00%	59.00%	59.00%
Risk-free Rate	7.28% - 7.49%	7.28% - 7.49%	7.21% - 7.40%	7.13% - 7.40%
Exercise price (₹)	182.22	182.22	177.04	142.22
Time to Maturity (Years)	5.80	5.55	5.39	5.09
Dividend yield	1.00%	1.00%	1.00%	1.00%
Weight Average Value (₹)	161.25	102.16	102.29	106.78

Particulars	ESOP 2020		
	May 02, 2018	February 08, 2017	December 02, 2015
Stock price (₹)	179.63	179.63	179.63
Volatility	59.00%	59.00%	59.00%
Risk-free Rate	7.13% - 7.34%	6.94% - 7.21%	6.82%
Exercise price (₹)	142.22	106.67	61.48
Time to Maturity (Years)	4.84	3.87	2.33
Dividend yield	1.00%	1.00%	1.00%
Weight Average Value (₹)	106.90	110.78	37.90

Stock Price: The fair value of stock as on Appointed Date, i.e., April 01, 2018 ("the Effective date" or the "Date of Modification") has been used to value the outstanding grants based on Mercahnt Banker's Report.

Volatility: The daily volatility of the stock prices on BSE, based on post demerger traded prices, has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered based on equity swap ratio of the Composite Scheme of Arrangement.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

NOTE 40. ADDITIONAL DISLCOURE REQUIREMENTS

(i) Relationship With Struck off Companies

The Group has not entererd into any transactions with strike off companies

(ii) Registration of charges or satisfaction with Registrar of Companies (ROC)

There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

(iii) Compliance with number of layers of companies

The clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Group.

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(iv) Utilization of Borrowed funds and share premium

(A) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:-

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(v) Undisclosed income

The Group has disclosed all its Income appropriately and in the ongoing Tax Assessments as well there has not been any such undisclosed income recognized by the relavant tax authorities.

(vi) Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(vii) Disclosure of Benami Property

The Group does not possess any benami property under the Benami Transactions (Prohibition) Act, 1985 and rules made thereunder.

(viii) Disclosure of Borrowings

(a) The quarterly returns and statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.

(b) The Group has utilized the borrowings from banks and financial institutions for the specific purpose for which it was taken As at March 31, 2023.

(ix) Wilful Defaulter

The Group has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

(x) Title Deeds Of Immovable Properties Not Held In Name Of The Group

Except the details as disclosed below all the title deeds of immovable properties (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Group.

Title deeds of Immovable Property not held in name of the Group

As at March 31, 2023 **(₹ in Crores)**

Particulars	Description of item of property	Gross Carrying Value	Title Deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter. director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Group
Investment Property (Refer note 12)	Building	2.75	Borrower to whom loan has been given	No	January 10, 2020	Acquired in the SARFAESI Proceedings
Assets Held for Sale (Refer note 17)	Building (3 Properties)	5.47	Borrowers to whom loans were given	No	Repossessed between June 2019 to December 2020	Properties repossessed under SARFAESI Act.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

As at March 31, 2022 **(₹ in Crores)**

Particulars	Description of item of property	Gross Carrying Value	Title Deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter. director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Group
Investment Property (Refer note 12)	Building	2.75	Borrower to whom loan has been given	No	January 10, 2020	Acquired in the SARFAESI Proceedings
	Building	4.73	Borrower to whom loan has been given	No	December 31, 2019	Acquired in the SARFAESI Proceedings
Assets Held for Sale (Refer note 17)	Building (19 Properties)	9.70	Borrowers to whom loan has been given	No	Various dates	Properties repossessed under SARFAESI Act

Note: Due to the voluminous nature of transactions and sensitivity of the information, individual borrower wise details, in whose name the title deeds are held are not disclosed.

(xi) Disclosure on Loans and Advances

The Group has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

NOTE 41. LIST OF RELATED PARTIES

Nature of relationship	Name of party *
Key managerial personnel	Mr. Nirmal Jain
	Mr. R. Venkataraman
	Mr. Kapish Jain (w.e.f November 01, 2022)
	Mr. Rajesh Rajak (upto October 31, 2022)
	Mrs. Sneha Patwardhan
	Mr. Monu Ratra
	Mr. Amit Gupta
	Mr. Ajay Jaiswal
	Mr. Narayanaswamy Venkatesh
	Mr. Shivaprakash Deviah
	Mr. Anantha Kumar T
	Mr. Pramod Kulkarni
	Mr. Manoranjan Biswal
Relatives of Key managerial personnel	Mr. Shankar Subramanian (Brother of Independent Director Mr. Ramakrishnan Subramanian) (w.e.f September 06, 2021)
	Mr. Venkatakrishnama Appanaidu Narayanaswamy
	Mrs. Anitha Shivaprakash
Other related parties	IIFL Securities Limited
	IIFL Facilities Services Limited
	IIFL Management Services Limited
	India Infoline Employee Trust
	Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)
	Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)
	India Infoline Foundation
	360 One Distribution Services Limited (Formerly IIFL Wealth Distribution Services Limited)
	360 ONE WAM LIMITED (Formerly IIFL Wealth Management Limited)
	IIFL Wealth Prime Limited (Formerly IIFL Wealth Finance Limited)
	5Paisa Capital Limited
	5Paisa P2P Limited

* The above list includes related parties with whom the transactions have been carried out during the year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Note 41.1 Significant transactions with related parties

(₹ in Crores)

Nature of transaction	Other related parties	Key managerial personnel and their relatives	Total
Interest income			
5paisa Capital Limited	3.47	-	3.47
	(5.07)	-	(5.07)
IIFL Management Services Limited	-	-	-
	(0.01)	-	(0.01)
IIFL Facilities Services Limited	-	-	-
	(2.04)	-	(2.04)
IIFL Securities Limited	5.28	-	5.28
	(4.75)	-	(4.75)
Mr. Shankar Subramanian	-	0.04	0.04
	-	(0.02)	(0.02)
Interest expense			
IIFL Facilities Services Limited	0.00	-	0.00
	(9.01)	-	(9.01)
IIFL Management Services Limited	0.46	-	0.46
	(1.96)	-	(1.96)
360 ONE WAM LIMITED (Formerly known as IIFL Wealth	0.38		0.38
Management Limited)	-		-
IIFL Wealth Prime Limited (Formerly known as IIFL Wealth	0.56	-	0.56
Finance Limited)	(1.17)	-	(1.17)
IIFL Securities Limited	2.24	-	2.24
	(0.81)	-	(0.81)
Trademark License Fee			
IIFL Securities Limited	-	-	-
	-	-	-
Donation paid			
India Infoline Foundation	17.22	-	17.22
	(15.27)	-	(15.27)
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees			
360 ONE WAM LIMITED (Formerly known as IIFL Wealth	6.77	-	6.77
Management Limited)	(4.39)	-	(4.39)
IIFL Securities Limited	0.40	-	0.40
	(46.46)	-	(46.46)
IIFL Management Services Limited	0.50		0.50
	-		-
Livlong Protection & Wellness Solutions Limited(Formerly	0.07		0.07
known as IIFL Corporate Services Limited)	-		-
5paisa Capital Limited	-	-	-
	-	-	-
Rent expenses			
IIFL Facilities Services Limited	3.82	-	3.82
	(1.92)	-	(1.92)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Nature of transaction	Other related parties	Key managerial personnel and their relatives	Total
Referral fees income/Other charges Income			
Livlong Protection & Wellness Solutions Limited(Formerly	10.85		10.85
known as IIFL Corporate Services Limited)	-		-
Mr. Shankar Subramanian	-	0.00	0.00
	-	(0.00)	(0.00)
Commission / brokerage expense			
360 ONE WAM LIMITED (Formerly known as IIFL Wealth	0.09	-	0.09
Management Limited)	-	-	-
IIFL Securities Limited	1.48	-	1.48
	(0.09)	-	(0.09)
Brokerage/Commission on NCDs paid			
IIFL Securities Limited	7.06	-	7.06
	-	-	-
Remuneration paid			
Mr.Nirmal Jain	-	10.20	10.20
	-	(8.67)	(8.67)
Mr.Kapish Jain (from November 01, 2022)	-	0.88	0.88
	-	-	-
Mrs. Sneha Patwardhan	-	0.74	0.74
	-	(0.58)	(0.58)
Mr.Rajesh Rajak (Upto October 31, 2022)	-	1.82	1.82
	-	(1.33)	(1.33)
Mr. Monu Ratra	-	4.65	4.65
	-	(4.95)	(4.95)
Mr. Amit Gupta	-	0.79	0.79
	-	(1.15)	(1.15)
Mr. Ajay Jaiswal	-	0.89	0.89
	-	(0.89)	(0.89)
Mr.Narayanaswamy Venkatesh	-	2.33	2.33
	-	(1.56)	(1.56)
Mr.Shivaprakash Deviah	-	1.02	1.02
	-	(0.73)	(0.73)
Mr. Anantha Kumar T	-	0.56	0.56
	-	(0.35)	(0.35)
Mr.Pramod Kulkarni	-	-	-
	-	(0.05)	(0.05)
Mr. Manoranjan Biswal	-	0.16	0.16
	-	(0.10)	(0.10)
Equity dividend paid			
India Infoline Employee Trust	0.03	-	0.03
	(0.03)	-	(0.03)
Mr.Narayanaswamy Venkatesh	-	0.01	0.01
	-	-	-
Mr.Shivaprakash Deviah	-	0.00	0.00
	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Nature of transaction	Other related parties	Key managerial personnel and their relatives	Total
Mr.Venkatakrishnama Appanaidu Narayanaswamy	0.01	-	-
	-	-	-
Mrs. Anitha Shivaprakash	0.00	-	-
	-	-	-
ICD/loan taken			
IIFL Facilities Services Limited	-	-	-
	(4,295.60)	-	(4,295.60)
IIFL Securities Limited	-	-	-
	(200.00)	-	(200.00)
ICD/loan returned			
IIFL Facilities Services Limited	-	-	-
	(4,295.60)	-	(4,295.60)
IIFL Securities Limited	-	-	-
	(200.00)	-	(200.00)
ICD/loan given			
5paisa Capital Limited	700.00	-	700.00
	(600.00)	-	(600.00)
IIFL Facilities Services Limited	-	-	-
	(2,663.50)	-	(2,663.50)
IIFL Management Services Limited	-	-	-
	(50.00)	-	(50.00)
IIFL Securities Limited	1,435.00	-	1,435.00
	(1,739.00)	-	(1,739.00)
ICD/loan received back			
5paisa Capital Limited	700.00	-	700.00
	(600.00)	-	(600.00)
IIFL Management Services Limited	-	-	-
	(50.00)	-	(50.00)
IIFL Facilities Services Limited	-	-	-
	(2,663.50)	-	(2,663.50)
IIFL Securities Limited	1,435.00	-	1,435.00
	(1,739.00)	-	(1,739.00)
Mr. Shankar Subramanian	-	0.06	0.06
	-	-	-
Allocation / reimbursement of expenses paid			
IIFL Securities Limited	12.73	-	12.73
	(13.70)	-	(13.70)
IIHFL Sales Limited	-	-	-
	-	-	-
IIFL Management Services Limited	0.48	-	0.48
	(0.26)	-	(0.26)
IIFL Facilities Services Limited	3.03	-	3.03
	(2.21)	-	(2.21)
5paisa Capital Limited	0.06	-	0.06
	(0.04)	-	(0.04)

(₹ in Crores)

Nature of transaction	Other related parties	Key managerial personnel and their relatives	Total
360 ONE WAM LIMITED (Formerly known as IIFL Wealth	-	-	-
Management Limited)	-	-	-
Allocation / reimbursement of expenses paid others			
IIFL Facilities Services Limited	0.09	-	0.09
	(0.20)	-	(0.20)
IIFL Insurance Brokers Limited	-	-	-
	(0.01)	-	(0.01)
5paisa Capital Limited	0.27	-	0.27
	(0.40)	-	(0.40)
5paisa P2P Limited	-	-	-
	(0.00)	-	(0.00)
IIFL Management Services Limited	0.01	-	0.01
	(0.03)	-	(0.03)
IIFL Securities Limited	0.92	-	0.92
	(2.29)	-	(2.29)
IIHFL Sales Limited	-	-	-
	-	-	-
Livlong Insurance Brokers Limited (Formerly IIFL Insurance	0.00	-	0.00
Brokers Limited)		-	-
Livlong Protection & Wellness Solutions Limited(Formerly	0.05	-	0.05
known as IIFL Corporate Services Limited)	(0.02)	-	(0.02)
360 ONE WAM LIMITED (Formerly known as IIFL Wealth	-	-	-
Management Limited)	-	-	-
Allocation / reimbursement of expenses received			
IIFL Facilities Services Limited	0.08	-	0.08
	(0.09)	-	(0.09)
5paisa Capital Limited	1.56	-	1.56
		-	-
IIFL Management Services Limited	0.14	-	0.14
	(0.03)	-	(0.03)
IIHFL Sales Limited	-	-	-
	-	-	-
5paisa Capital Limited	-	-	-
	(0.87)	-	(0.87)
IIFL Securities Limited	3.54	-	3.54
	(3.15)	-	(3.15)
Livlong Protection & Wellness Solutions Limited(Formerly	0.22	-	0.22
known as IIFL Corporate Services Limited)	(0.01)	-	(0.01)
360 ONE WAM LIMITED (Formerly known as IIFL Wealth	-	-	-
Management Limited)	-	-	-
Allocation / reimbursement of expenses received others			
IIFL Facilities Services Limited	0.01	-	0.01
	(0.10)	-	(0.10)
IIFL Management Services Limited	0.10	-	0.10
	(0.00)	-	(0.00)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Nature of transaction	Other related parties	Key managerial personnel and their relatives	Total
IIFL Insurance Brokers Limited	-	-	-
	(0.07)	-	(0.07)
India Infoline Foundation	0.00	-	0.00
	-	-	-
5paisa Capital Limited	0.22	-	0.22
	(0.13)	-	(0.13)
5paisa P2P Limited	0.00	-	0.00
	-	-	-
Livlong Insurance Brokers Limited (Formerly IIFL Insurance	0.03	-	0.03
Brokers Limited)	-	-	-
IIHFL Sales Limited	-	-	-
	-	-	-
IIFL Commodities Limited	-	-	-
	-	-	-
Livlong Protection & Wellness Solutions Limited(Formerly	0.06	-	0.06
known as IIFL Corporate Services Limited)	(0.03)	-	(0.03)
IIFL Securities Limited	1.14	-	1.14
	(1.01)	-	(1.01)
Security Deposit Paid			
IIFL Facilities Services Limited	0.53	-	0.53
	(0.04)	-	(0.04)
Repayment towards Borrowing			
IIFL Management Services Limited	0.12		0.12
	-		-
Security Deposit Received			
IIFL Facilities Services Limited	0.01		0.01
	-		-
Sale of investment			
IIFL Wealth Prime Limited (Formerly known as IIFL Wealth	-	-	-
Finance Limited)	-	-	-
Non convertible debenture Issued			
IIFL Facilities Services Limited	-	-	-
	(0.04)	-	(0.04)
IIFL Securities Limited	-	-	-
	(50.00)	-	(50.00)
IIFL Wealth Prime Limited (Formerly known as IIFL Wealth	25.07	-	-
Finance Limited)	-	-	-
IIFL Management Services Limited	55.09	-	55.09
	(94.30)	-	(94.30)
Investment in Non convertible debentures/Buyback			
IIFL Management Services Limited	-	-	-
	(108.11)	-	(108.11)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Note 41.2 Closing balances with related parties

(₹ in Crores)

Nature of transaction	Other related parties	Key managerial personnel and their relatives	Total
Other payable			
IIFL Facilities Services Limited	0.14	-	0.14
	(0.13)	-	(0.13)
5paisa Capital Limited	0.02	-	0.02
	(0.17)	-	(0.17)
5paisa P2P Limited	-	-	-
	-	-	-
360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited)	1.52	-	1.52
	(4.02)	-	(4.02)
IIFL Management Services Limited	0.11	-	0.11
	-	-	-
IIHFL Sales Limited	-	-	-
	-	-	-
IIFL Insurance Brokers Limited	-	-	-
	-	-	-
IIFL Securities Limited	-	-	-
	(1.26)	-	(1.26)
Other receivable			
IIFL Management Services Limited	-	-	-
	(0.01)	-	(0.01)
IIFL Securities Limited	0.73	-	0.73
	-	-	-
Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)	0.01	-	0.01
	(0.04)	-	(0.04)
Livlong Protection & Wellness Solutions Limited(Formerly known as IIFL Corporate Services Limited)	3.11	-	3.11
	(0.05)	-	(0.05)
India Infoline Foundation	-	-	-
	(5.49)	-	(5.49)
360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited)	-	-	-
	-	-	-
Mr. Shankar Subramanian	-	0.15	0.15
	-	-	-
Security Deposit receivable			
IIFL Facilities Services Limited	1.44	-	1.44
	(0.92)	-	(0.92)
Outstanding non convertible debenture issued			
IIFL Facilities Services Limited	-	-	-
	(0.00)	-	(0.00)
IIFL Management Services Limited	4.00	-	4.00
	(4.00)	-	(4.00)
IIFL Securities Limited	8.00	-	8.00
	(52.30)	-	(52.30)
360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited)	21.46	-	21.46
	-	-	-
IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited)	7.60	-	7.60
	(26.70)	-	(26.70)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Nature of transaction	Other related parties	Key managerial personnel and their relatives	Total
Interest accrued on outstanding non convertible debenture issued			
IIFL Facilities Services Limited	-	-	-
	(0.00)	-	(0.00)
IIFL Management Services Limited	-	-	-
	-	-	-
IIFL Securities Limited	-	-	-
	(1.97)	-	(1.97)
IIFL Wealth Prime Limited (Formerly known as IIFL Wealth	3.10	-	3.10
Finance Limited)	(1.97)	-	(1.97)
Loan & other receivable			
Mr. Shankar Subramanian	-	0.15	0.15
	-	(0.20)	(0.20)
Gratuity payable*			
Mr.Nirmal Jain	-	0.15	0.15
	-	(0.15)	(0.15)
Mr.Kapish Jain	-	0.01	0.01
	-	-	-
Mrs. Sneha Patwardhan	-	0.01	0.01
	-	(0.01)	(0.01)
Mr.Rajesh Rajak (Upto October 2022)	-	0	-
	-	(0.02)	(0.02)
Mr. Monu Ratra	-	0.10	0.10
	-	(0.10)	(0.10)
Mr. Amit Gupta	-	0.10	0.10
	-	(0.09)	(0.09)
Mr. Ajay Jaiswal	-	0.09	0.09
	-	(0.08)	(0.08)
Leave encashment payable*			
Mr.Nirmal Jain	-	0.89	0.89
	-	(0.64)	(0.64)
Mr.Kapish Jain	-	0.02	0.02
	-	-	-
Mrs. Sneha Patwardhan	-	0.02	0.02
	-	(0.02)	(0.02)
Mr.Rajesh Rajak (Upto October 2022)	-	-	-
	-	(0.01)	(0.01)
Mr. Monu Ratra	-	0.17	0.17
	-	(0.15)	(0.15)
Mr. Amit Gupta	-	0.05	0.05
	-	(0.04)	(0.04)
Mr. Ajay Jaiswal	-	0.05	0.05
	-	(0.05)	(0.05)

* Based on acturial valuation report

#Amount is less than ₹ 0.01 Crores hence shown as ₹ 0.00 Crores wherever applicable.

(Figure in bracket represents previous year figures)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 42.1. MATURITY ANALYSIS OF ASSETS AND LIABILITIES AS AT MARCH 31, 2023

(₹ in Crores)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	3,630.38	0.29	3,630.67
(b)	Bank balance other than (a) above	1,761.22	447.14	2,208.36
(c)	Derivative financial instruments	95.21	128.37	223.58
(d)	Receivables			
	(i) Trade receivables	120.51	0.92	121.43
	(ii) Other receivables	151.96	-	151.96
(e)	Loans	18,051.63	21,949.48	40,001.11
(f)	Investments	1,557.03	1,953.97	3,511.00
(g)	Other financial assets	747.79	867.76	1,615.55
[2]	**Non-financial assets**			
(a)	Current tax assets	2.15	237.44	239.59
(b)	Deferred tax assets	-	122.67	122.67
(c)	Investment property	-	296.04	296.04
(d)	Property, plant and equipment	-	176.13	176 .13
(e)	Capital work-in-progress	27.30	0.10	27.40
(f)	Right to use assets	-	386.60	386.60
(g)	Other intangible assets	-	3.38	3.38
(h)	Other non-financial assets	197.48	75.05	272.53
(i)	Assets held for sale	13.32	-	13.32
	Total Assets	**26,355.98**	**26,645.34**	**53,001.32**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	38.59	3.78	42.37
(b)	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	3.01	0.01	3.02
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	193.65	0.63	194.28
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Finance lease obligation	96.43	317.00	413.43
(d)	Debt securities	3,230.95	4,694.35	7,925.30
(e)	Borrowings (other than debt securities)	10,523.29	17,952.98	28,476.27
(f)	Subordinated liabilities	243.43	2,958.99	3,202.42
(g)	Other financial liabilities	2,030.24	-	2,030.24

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

Sr. No	Particulars	Within 12 months	After 12 months	Total
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities	45.82	-	45.82
(b)	Provisions	66.22	18.55	84.77
(c)	Deferred tax liabilities	-	0.61	0.61
(d)	Other non-financial liabilities	380.55	0.10	380.65
[3]	**Equity**			
(a)	Equity share capital	-	76.09	76.09
(b)	Other equity	-	8,915.97	8,915.97
(c)	Non-controlling interest	-	1,210.08	1,210.08
	Total Liabilities and Equity	**16,852.18**	**36,149.14**	**53,001.32**

NOTE 42.2 MATURITY ANALYSIS OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

(₹ in Crores)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	6,211.64	-	6,211.64
(b)	Bank balance other than (a) above	1,414.05	531.24	1,945.29
(c)	Derivative financial instruments	-	74.28	74.28
(d)	Receivables			
	(i) Trade receivables	183.18	0.02	183.20
	(ii) Other receivables	15.80	-	15.80
(e)	Loans	14,940.89	18,752.00	33,692.89
(f)	Investments	0.34	1,191.82	1,192.16
(g)	Other financial assets	164.86	759.19	924.05
[2]	**Non-financial assets**			
(a)	Current tax assets	1.64	232.53	234.17
(b)	Deferred tax assets (net)	-	285.82	285.82
(c)	Investment property	-	295.19	295.19
(d)	Property, plant and equipment	-	150.52	150.52
(e)	Capital work-in-progress	5.14	0.50	5.64
(f)	Right to use assets	-	327.53	327.53
(g)	Other intangible assets	-	2.11	2.11
(h)	Other non-financial assets	103.36	249.24	352.60
(i)	Assets held for sale	17.55	-	17.55
	Total Assets	**23,058.45**	**22,851.99**	**45,910.44**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	6.23	158.16	164.39
(b)	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	141.41	1.02	142.43

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	9.91	-	9.91
(c)	Finance lease obligation	74.92	285.76	360.68
(d)	Debt securities	1,238.78	6,599.30	7,838.08
(e)	Borrowings (other than debt securities)	8,064.17	17,255.20	25,319.37
(f)	Subordinated liabilities	97.82	2,470.23	2,568.05
(g)	Other financial liabilities	2,794.52	26.02	2,820.54
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities	50.21	-	50.21
(b)	Provisions	50.38	13.73	64.11
(c)	Other non-financial liabilities	102.94	-	102.94
[3]	**Equity**			
(a)	Equity share capital	-	75.92	75.92
(b)	Other equity	-	6,387.91	6,387.91
(c)	Non-controlling interest	-	5.90	5.90
	Total Liabilities and Equity	**12,631.29**	**33,279.15**	**45,910.44**

NOTE 43. CORPORATE SOCIAL RESPONSIBILITY:

During the financial year 2022-23, the Group has spent ₹ 21.35 Crores (P.Y. ₹ 12.74 Crores) out of the total amount of ₹ 27.40 Crores (P.Y. ₹ 18.77 Crores) resulting into shortall of ₹ 6.05 Crores (P.Y. ₹ 6.03 Crores). The shorfall amount pertains towards the ongoing projects. The unspent amount has been transferred to a separate Bank account and will be spent during the FY 2023-24.The aforementioned amount has been contributed to India Infoline Foundation.

NOTE 44. ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS:

(₹ in Crores)

Name of entity in the Group	Net Assets i.e Total Assets less Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in Crores)	As % of consolidated profit or loss	Amount (₹ in Crores)	As % of consolidated other compreh-ensive income	Amount (₹ in Crores)	As % of consolidated total compreh-ensive income	Amount (₹ in Crores)
IIFL Finance Limited	31.44%	3,207.09	44.66%	717.93	64.69%	20.82	45.05%	738.75
Indian Subsidiaries								
IIFL Home Finance Limited	43.25%	4,412.64	39.92%	641.75	33.23%	10.70	39.79%	652.45
IIFL Samasta Finance Limited	12.90%	1,316.15	7.82%	125.67	6.81%	2.19	7.80%	127.86
IIFL Open Fintech Private Limited	0.41%	42.08	0.23%	3.68	0.00%	-	0.22%	3.68
Indian Step down Subsidiary								
IIHL Sales Limited	0.14%	14.10	0.70%	11.27	-	-	0.69%	11.27
Subtotal	**88.14%**	**8,992.06**	**93.33%**	**1,500.30**	**104.72%**	**33.71**	**93.55%**	**1,534.00**
Non Controlling interest in subsidiaries	11.86%	1,210.08	6.67%	107.25	(4.71%)	(1.52)	6.45%	105.73
Total		**10,202.15**		**1,607.55**		**32.19**		**1,639.73**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 45. SEGMENT REPORTING

The Group's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Group revolve around the main business. The risk and returns of the business of the Group is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the Indian Accounting Standard 108 on 'Segment Reporting'.

NOTE 46. SHARED SERVICES

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

NOTE 47. Previous year's figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

Arun Kumar Purwar
Chairman & Independent Director
DIN : 00026383

Nirmal jain
Managing Director
DIN : 00010535

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

Place : Mumbai
Dated: April 26, 2023

FORM AOC-I

Salient features of financial statements of Subsidiaries as per Companies Act, 2013 as on March 31, 2023

(₹ in crores)

SR. NO.	Particulars	IIFL Home Finance Limited	IIFL Samasta Finance Limited	IIFL Open Fintech Private Limited	IIHFL Sales Limited
1.	Share Capital	26.34	593.64	16.84	0.05
2.	Other Equity	5,526.86	728.51	101.94	14.05
3.	Total Assets	21,785.18	8,904.10	119.56	41.47
4.	Total Liabilities	16,231.98	7,581.95	0.78	27.37
5.	Investments	1,427.24	160.42	57.49	-
6.	Total Turnover	2,731.16	1,753.51	5.77	47.28
7.	Profit/ (loss) before taxation	1,022.90	158.51	4.92	14.86
8.	Provision for taxation (including deferred tax)	232.57	30.33	1.24	3.61
9.	Total Comprehensive Income	802.00	127.87	3.68	11.25
10.	Proposed preference dividend	-	-	-	-
11.	Extent of interest in subsidiary	79.59%	99.51%	51.02%	100.00%

Note: Reporting period for the subsidiary is the same as holding company.

For and on behalf of the Board of Directors
of IIFL Finance Limited

Arun Kumar Purwar
Chairman & Independent Director
DIN : 00026383

Nirmal Jain
Managing Director
DIN : 00010535

Kapish Jain
Chief Financial Officer

Sneha Patwardhan
Company Secretary

Place : Mumbai
Dated: April 26, 2023

NOTES

NOTES

IIFL Finance Limited
CIN: L67100MH1995PLC093797

Registered office:
IIFL House, Sun Infotech Park, Road No. 16,
Plot No. B-23, MIDC, Thane Industrial Estate,
Wagle Estate, Thane - 400 604

Corporate office:
802, 8th Floor, Hubtown Solaris,
N. S. Phadke Marg, Vijay Nagar,
Andheri East, Mumbai - 400 069
Tel: +91 22 6788 1000
Email: shareholders@iifl.com | ir@iifl.com
Website: **www.iifl.com**

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/IIFLCorporate

IIFL (India Infoline Group)

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