



# NADKARNI DATE & ASSOCIATES LLP

## CHARTERED ACCOUNTANTS

### Independent Auditor's Report

To the members of IIFL Open Fintech Private Limited

#### Report on the Audit of Standalone Ind AS Financial Statements

##### Opinion

We have audited the accompanying standalone Ind AS financial statements of **IIFL Open Fintech Private Limited** ("the Company"), which comprises of the Balance Sheet as at March 31<sup>st</sup>, 2023, Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at March 31<sup>st</sup> 2023, its financial performance including other comprehensive income, its cash flows and changes in equity, for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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### **Information other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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, 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.

### **Management's Responsibility for the Standalone Ind AS Financial Statements:**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 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 on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in





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 scepticism 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- 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 entity'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 entity 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.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure 'A'** a statement on the matters specified in paragraph 3 & 4 of the said 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 purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
- g. With respect to the other matters to be included in the Auditor's Report in accordance with 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 does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, 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(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 company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
(ii) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any





person(s) or entity(ies), including foreign entities ("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

(iii) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement

v. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

h. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the limit prescribed by section 197 for maximum permissible managerial remuneration is not applicable to a private limited company.

**For Nadkarni Date & Associates LLP**

Chartered Accountants

Firm Registration No.: W100596

M. Nadkarni



**Mitesh Nadkarni**

Partner

Membership No: 120968

UDIN No: 23120968B6W1DZR3257

Place: Mumbai

Date: 24 APR 2023

Annexure 'A'

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF IIFL OPEN FINTECH PRIVATE LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023.**

{Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date, we report on matters contained in Paragraph 3 of the Order}

(i) Property, Plant and Equipment:

(a)

(A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The company does not have any intangible assets.

(b) According to information and explanations given to us and on the basis of examination of records of the Company, the fixed assets are being physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.

(c) According to information and explanations given to us and on the basis of examination of records of the Company, the company does not have any immovable property. Accordingly, clause 3(i)(c) of the Order is not applicable to the company.

(d) According to information and explanations given to us and on the basis of our examination of records of the Company, the company has not re-valued any of its property plant and equipment during the year.

(e) According to information and explanations given to us and on the basis of examination of records of the Company, there are no proceedings 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. Accordingly, clause 3(i)(e) of the Order is not applicable to the company.

(ii)

(a) The Company does not hold any inventory. Accordingly, clause 3(ii)(a) of the Order is not applicable to the Company.

(b) According to information and explanations given to us and on the basis of our examination of records of the Company, the Company has not been sanctioned any working capital limits from banks or financial institutions, during the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) The Company has during the year, not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the provisions of clauses 3(iii) of the Order are not applicable.





(iv) According to information and explanations given to us and on the basis of our examination of the records of the company, the company has complied with sections 185 and 186 of the Companies Act 2013.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits under the directives of the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable. Accordingly, the provisions of clause 3(v) of the Order are not applicable..

(vi) According to information and explanations given to us and on the basis of our examination of the records of the company, the company is not required to maintain cost records as specified by Section 148 of the Companies Act. Accordingly, clause 3(vi) of the Order is not applicable to the company.

(vii) According to information and explanations given to us and on the basis of our examination of the records of the company in respect of statutory dues:

(a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable

(b) There are no dues in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues that have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to information and explanations given to us and on the basis of our examination of the records of the company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act 1961, as income during the year. Accordingly, clause 3(viii) of the Order is not applicable to the company.

(ix) According to information and explanations given to us and on the basis of our examination of the records of the company;

- a) The company has not made any borrowings from any lenders during the year;
- b) The company is not declared wilful defaulter by any bank or financial institution or other lender;
- c) The company has not availed any term loans;



d) The Company has not raised any funds on short term basis which have been utilised for long term purposes;

e) 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) The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies;

(x)

(a) The company has not raised any, moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable to the Company.

(b) The company has made preferential allotment of equity shares during the year in accordance with Sections 42 of The Companies Act, 2013 and the funds so raised have been utilised for the purposes for which they were raised.

(xi) According to information and explanations given to us and on the basis of our examination of the records of the Company, we report that:

(a) There has been no fraud by the company or on the company, has been noticed or reported during the year.

(b) No report under Section 143(12) of the Companies Act 2013, has been filed with the Central Government, by the auditors in Form ADT-4 prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014.

(c) There have been no whistle blower complaints received during the year by the Company.

(xii) According to information and explanations given to us the company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to information and explanations given to us and on the basis of our examination of the records of the Company, we are of the opinion that all the transactions with the related parties are in compliance with section 188 of Companies Act where applicable and the details have been disclosed in Note no. 24 to the financial statements, as required by the applicable accounting standards. The Company has not constituted an Audit Committee as mandated by section 177 of the Companies Act, 2013.

(xiv)

a) According to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business;





b) There is no requirement of an internal audit and hence reports of the Internal Auditors for the period under audit were not available;

(xv) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him and the provisions of section 192 of the companies Act is not applicable to the Company.

(xvi) According to the information and explanations given to us, we are of the opinion that the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly the provisions of clause 3(xvi) of the Order are not applicable.

(xvii) According to information and explanations provided to us and on the basis of our examination of the records of the Company, the company has not incurred cash losses in the current financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, we are of the opinion there exists no material uncertainty as on the date of the audit report that the 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.

(xx) The provisions of Section 135 towards corporate social responsibility are not applicable on the company.



(xxi) The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For Nadkarni Date & Associates LLP**

Chartered Accountants

Firm Registration No.: W100596

*Mitesh Nadkarni*



**Mitesh Nadkarni**

Partner

Membership No: 120968

UDIN No: *23120968BGWJZR3257*

Place: Mumbai

Date: *24 APR 2023*



IIFL OPEN FINTECH PRIVATE LIMITED  
Balance Sheet as at March 31, 2023

(₹ in Million)

Particulars	Notes No	As at Mar 31, 2023
<b>I. ASSETS</b>		
<b>(1) Non Current Assets</b>		
(a) Property, Plant and Equipment	4	0.68
(b) Financial Assets		
(i) Investments	5	574.87
<b>(2) Current Assets</b>		
(a) Financial Assets		
(i) Cash and cash equivalents	6	59.46
(ii) Bank balance (other than Cash and cash equivalents)	7	552.27
(iii) Trade receivables	8	6.62
(b) Current Tax Assets (Net)		0.31
(c) Other current assets	9	1.36
<b>TOTAL ASSETS</b>		<b>1,195.57</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>(A) EQUITY</b>		
(a) Equity Share capital	10	168.39
(b) Other Equity	11	1,019.42
<b>(B) LIABILITIES</b>		
<b>(1) Non-current liabilities</b>		
(a) Employee Benefit Obligation	12 & 18	0.00
(b) Deferred tax liabilities (Net)	13	6.07
<b>(2) Current liabilities</b>		
(a) Financial Liabilities		
(i) Trade Payables		
(A) total outstanding dues of micro enterprises and small enterprises	14	0.14
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	14	0.60
(b) Employee Benefit Obligation	12 & 18	0.01
(c) Other current liabilities	15	0.94
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,195.57</b>
See accompanying notes forming part of Financial statements	1-26	

For Nadkarni Date & Associates LLP  
Chartered Accountants  
Firm Registration No. W100596

*Mitlesh Nadkarni*

Mitlesh Nadkarni  
Partner  
Membership No. 120968  
UDIN: 23120968BGWNR3257



For and on behalf of the Board of Directors

*Mehesha Oberai*  
Mehesha Oberai  
Director  
DIN: 08829128

*Deena Jacob*  
Deena Jacob  
Director  
DIN: 06552579

*Mabel Chacko*  
Mabel Chacko  
Chief Executive Officer

*Mehul Somaiya*  
Mehul Somaiya  
Company Secretary

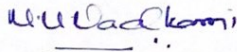
Place : Mumbai  
Dated: April 24, 2023

**IIFL OPEN FINTECH PRIVATE LIMITED**  
Statement of Profit and Loss for the period ended March 31,2023

(₹ in Million)

Particulars	Notes No.	For the period ended March 31,2023
Revenue from Operations		5.83
(i) Fees and commission Income	16	5.83
<b>I Total Revenue from operations</b>		<b>51.89</b>
II Other Income	17	57.72
<b>III Total Income (I+II)</b>		<b>57.72</b>
Expenses		
(i) Employee Benefit Expenses	18	2.13
(ii) Depreciation, amortization and impairment	19	0.02
(iii) Others expenses	20	6.37
<b>IV Total Expenses</b>		<b>8.51</b>
<b>V Profit/(loss) before tax (III-IV)</b>		<b>49.20</b>
Tax Expense:		
(1) Current Tax	21	6.32
(2) Deferred Tax	13 & 21	6.07
<b>VI Total Tax Expense</b>		<b>12.39</b>
<b>VII Profit/(Loss) for the period (V-VI)</b>		<b>36.81</b>
VIII Other Comprehensive Income		-
<b>IX Total Comprehensive Income for the period (VII-VIII)</b>		<b>36.81</b>
X Earnings per equity share		
Basic (Rs.)	22	2.30
Diluted (Rs.)	22	2.30
See accompanying notes forming part of Financial statements	1-26	

For Nadkarni Date & Associates LLP  
Chartered Accountants  
Firm Registration No. W100596



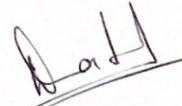
**Mitesh Nadkarni**  
Partner  
Membership No. 120968  
UDIN: 23120968BGWNZR3257



For and on behalf of the Board of Directors



**Mehakka Oberai**  
Director  
DIN: 08829128



**Deena Jacob**  
Director  
DIN: 06552579



**Mabel Chacko**  
Chief Executive Officer



**Mehul Somaiya**  
Company Secretary

Place : Mumbai  
Dated: April 24, 2023



**IIFL OPEN FINTECH PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2023**

(₹ in Million)

Particulars	Notes	FY 2022-23	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax			49.20
<b>Adjustments for:</b>			
Depreciation, amortisation and impairment	4 & 19	0.02	
Interest on deposits with Banks	17	(26.92)	
Net (Profit)/Loss on fair value changes - unrealised	17	(24.97)	
Employee Benefit expenses - Others	18	0.01	
Interest received on deposits with Banks		14.65	<b>(37.21)</b>
<b>Operating profit before working capital changes</b>			<b>12.00</b>
<b>Adjustments for (increase) / decrease in operating assets</b>			
Decrease / (Increase) in Trade receivables		(6.62)	
Decrease / (Increase) in Other current assets		(1.36)	
<b>Adjustments for increase / (decrease) in operating liabilities</b>			
Increase / (Decrease) in provisions		(0.00)	
Increase / (Decrease) in Trade payables		0.74	
Increase / (Decrease) in Other current liabilities		0.94	
<b>Cash generated from operations</b>			<b>5.70</b>
Taxes paid			(6.63)
<b>Net cash (used in)/from operating activities (A)</b>			<b>(0.93)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets			(0.70)
Proceeds/(Purchase) of Investments			(549.90)
Proceeds/(Deposits) from maturity of deposits placed with Banks			(540.00)
<b>Net cash used in investing activities (B)</b>			<b>(1,090.60)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity share capital			1,151.00
<b>Net cash from financing activities (C)</b>			<b>1,151.00</b>
<b>Net (Decrease) / Increase in cash and cash equivalents (A + B + C)</b>			59.47
<b>Add : Opening Cash and cash equivalents as at the beginning of the period</b>	6		-
<b>Cash and cash equivalents as at the end of the period</b>			<b>59.47</b>
<b>See accompanying notes forming part of Financial statements</b>	1-26		

For Nadkarni Date & Associates LLP  
Chartered Accountants  
Firm Registration No. W100596

*Mitlesh Nadkarni*

**Mitlesh Nadkarni**  
Partner  
Membership No. 120968  
UDIN: 23120968BGWNR3257



Place : Mumbai  
Dated: April 24, 2023

For and on behalf of the Board of Directors

*Mehak Oberai*  
**Mehak Oberai**  
Director  
DIN: 08829128

*Mabel Chacko*  
**Mabel Chacko**  
Chief Executive Officer

*Deena Jacob*  
**Deena Jacob**  
Director  
DIN: 06552579

*Mehul Somaiya*  
**Mehul Somaiya**  
Company Secretary

**IIFL OPEN FINTECH PRIVATE LIMITED**  
Statement of Changes in Equity for the period ended March 31, 2023

**A. Equity share capital**

Particulars	For period ended 31st March 2023	
	No. of Shares	₹ in Million
At the beginning of the period	50,00,000	50.00
Add:- Shares issued during the period	1,18,38,710	118.39
Closing at the end of year	1,68,38,710	168.39

**B. Other equity**

Particulars	Reserves and Surplus			For period ended 31st March 2023
	Securities Premium	Retained Earnings	Other comprehensive income	₹ in Million
Balance at the beginning of the reporting period	-	-	-	-
Addition during the period	982.61	36.81	-	1,019.42
Balance at the end of the reporting period	982.61	36.81	-	1,019.42

As per our attached report of even date

For Nadkarni Date & Associates LLP  
Chartered Accountants  
Firm Registration No. W100596

*Mitlesh Nadkarni*

Mitlesh Nadkarni  
Partner  
Membership No. 120968  
UDIN: 23120968BGWNZR3257



For and on behalf of the Board of Directors

*Mehak Oberai*  
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Director  
DIN: 08829128

*Deena Jacob*  
Deena Jacob  
Director  
DIN: 06552579

*Mabel Chacko*  
Mabel Chacko  
Chief Executive Officer

*Mehul Somaiya*  
Mehul Somaiya  
Company Secretary

Place : Mumbai  
Dated: April 24, 2023



FINANCIAL STATEMENTS OF IIFL OPEN FINTECH PRIVATE LIMITED  
Notes forming part of Financial statements as at and for the period ended March 31, 2023

**Note 4. Property, Plant and Equipment** (₹ in Million)

Particulars	Computer	Total
<b>Cost as at April 1, 2022</b>	-	-
Additions during the period	0.70	0.70
<b>As at March 31, 2023</b>	<b>0.70</b>	<b>0.70</b>
<b>Depreciation</b>		
<b>As at April 1, 2022</b>	-	-
Depreciation for the period	0.02	0.02
<b>Up to March 31, 2023</b>	<b>0.02</b>	<b>0.02</b>
<b>Net block as at March 31, 2023</b>	<b>0.68</b>	<b>0.68</b>

**Note 5. Investments** (₹ in Million)

Particulars	As at March 31, 2023		
	At Fair Value through profit and loss	At Cost	Total
<b>Quoted Investments</b>			
Mutual Funds	574.87	-	574.87
<b>Total (Gross)</b>	<b>574.87</b>	-	<b>574.87</b>
Less: Impairment loss allowance	-	-	-
<b>Total (Net)</b>	<b>574.87</b>	-	<b>574.87</b>

**Note 6. Cash and cash equivalents:** (₹ in Million)

Particulars	As at March 31, 2023
<b>Balances with banks :</b>	
- In current Accounts	14.29
- In deposit account (Original Maturity of less than 3 months)	45.00
- Interest accrued on above deposits	0.17
<b>Total</b>	<b>59.46</b>

**Note 7. Bank balance (other than Cash and cash equivalents)** (₹ in Million)

Particulars	As at March 31, 2023
In Deposit accounts (Original Maturity of more than 3 months)	540.00
Interest accrued on above deposits	12.27
<b>Total</b>	<b>552.27</b>





**Note 8. Trade receivables** (₹ in Million)

Particulars	As at March 31, 2023
<b>Trade receivables</b>	
- Receivables considered good - Secured	-
- Receivables considered good - Unsecured*	5.68
- Receivables - credit impaired	-
- Unbilled Revenue	0.94
<b>Total- Gross</b>	<b>6.62</b>
Less: Impairment loss allowance	-
<b>Total- Net</b>	<b>6.62</b>

\* Including receivables from Group/Subsidiaries Company (refer note 24)

**Note 8.1 Trade Receivables Ageing Schedule (Gross)** (₹ in Million)

Particulars	Unbilled Revenue	As at March 31, 2023					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i)Undisputed Trade receivables – considered good	0.94	5.68	-	-	-	-	6.62
(ii)Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii)Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v)Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi)Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>0.94</b>	<b>5.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.62</b>

**Note:**

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 and Private companies in which any director is a partner or a director or a member.

**Note 9. Other Current Assets** (₹ in Million)

Particulars	As at March 31, 2023
<b>Unsecured, considered good</b>	
Prepaid expenses*	0.67
Balances with government authorities	-
-GST Input	0.69
<b>Total</b>	<b>1.36</b>

\* includes foreign currency payment of ₹ 0.67 million

**Note 10. Equity Share Capital**

**(a) Authorised, Issued, Subscribed and Paid-up Share Capital** (₹ in Million)

Particulars	As at March 31, 2023
<b>Authorised Share Capital</b>	
1,70,00,000 Equity Shares (P.Y Nil) of ₹ 10 each	170.00
<b>Total</b>	<b>170.00</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
1,68,38,710 Equity Shares (P.Y Nil) of ₹ 10 each fully paid with voting rights	168.39
<b>Total</b>	<b>168.39</b>

**b. Reconciliation of the shares outstanding at the beginning and at the end of the period** (₹ in Million)

Particulars	As at March 31, 2023	
	No. of Shares	Amount
<b>Equity Shares</b>		
At the beginning of the period	50,00,000	50.00
Add: Shares issued during the period	1,18,38,710	118.39
<b>Closing at the end of period</b>	<b>1,68,38,710</b>	<b>168.39</b>

**c. Terms/Rights attached to Equity Shares**

The company has only one class of shares referred to as equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of company, the holder of equity shares will be entitled to receive 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 shareholders.





FINANCIAL STATEMENTS OF IIFL OPEN FINTECH PRIVATE LIMITED  
Notes forming part of Financial statements as at and for the period ended March 31, 2023

**d. Equity Shares held by Holding Company.**

Particulars	No. of Shares
Equity Shares of ₹ 10 each fully paid	
IIFL Finance Limited	85,91,398

**e. Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at March 31, 2023	
	No. of Shares	% Holdings
Equity shares of ₹ 10 each fully paid		
IIFL Finance Limited*	85,91,398	51.02%
Open Financial Technologies Private Limited	82,47,312	48.98%

\* 1 (One) Share is held by Ms. Mehekka Oberai in the capacity of nominee of IIFL Finance Limited

**f. Details of Shareholding of Promoters**

Name of the promoter	As at March 31, 2023		
	No. of Shares	% of total shares	% Change during the period*
IIFL Finance Limited#	85,91,398	51.02%	-48.98%
Open Financial Technologies Private Limited	82,47,312	48.98%	-48.98%
<b>Total</b>	<b>1,68,38,710</b>	<b>100.00%</b>	

\* The Company was incorporated on May 17, 2022 with initial paid up equity capital of ₹ 5 crore, divided into 50,00,000 equity shares of ₹ 10 each. The entire stake was held by IIFL Finance Limited. Subsequently, on June 10, 2022, the Company issued and allotted 35,91,398 and 82,47,312 equity shares of ₹ 10 each at an issue price of ₹ 93 per share to IIFL Finance Limited and Open Financial Technologies Private Limited, respectively, by way of a preferential issue. Accordingly, the stake of IIFL Finance Limited was diluted to 51.02%.

#1 (One) Share is held by Mrs. Mehekka Oberai in the capacity of nominee of IIFL Finance Limited

g. Since inception the Company has not issued any shares without payment being received in cash or by any way of bonus shares or shares bought back.  
h. Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments, including the terms and amount: Nil

**Note 11. Other Equity**

(₹ in Million)

Particulars	As at March 31, 2023
<b>Retained Earnings</b>	
Opening Balance as at beginning of the period	-
Add: Net Profit/ (Loss) after tax for the period	36.81
Closing Balance as at end of the period	36.81
<b>Securities Premium</b>	
Opening Balance as at beginning of the period	-
Add: Addition during the period	982.61
Closing Balance as at end of the period	982.61
<b>Other Comprehensive Income</b>	
Opening Balance as at beginning of the period	-
Other Comprehensive Income/(Loss) during the period	-
Closing Balance as at end of the period	-
<b>Total</b>	<b>1,019.42</b>

**Note 12. Employee Benefit Obligation**

(₹ in Million)

Particulars	As at March 31, 2023
<b>(A) Non Current</b>	
Provision for gratuity	0.00
Provision for Leave Encashment	0.00
<b>Total (A)</b>	<b>0.00</b>
<b>(B) Current</b>	
Provision for gratuity	0.00
Provision for Leave Encashment	0.01
<b>Total (B)</b>	<b>0.01</b>
<b>Total (A+B)</b>	<b>0.01</b>





FINANCIAL STATEMENTS OF IIFL OPEN FINTECH PRIVATE LIMITED  
Notes forming part of Financial statements as at and for the period ended March 31, 2023

Note 13. Deferred Tax (Assets)/ Liabilities (net)		(₹ in Million)
Particulars	As at March 31, 2023	
<b>Deferred Tax liability on</b>		
- Depreciation on tangible assets		0.03
- Unrealised gain on investments		6.29
<b>Total</b>		<b>6.32</b>
<b>Deferred Tax asset on</b>		
- Preliminary expenses		(0.25)
<b>Total</b>		<b>(0.25)</b>
<b>Deferred Tax (Assets)/ Liabilities (net)</b>		<b>6.07</b>

Note 14. Trade Payables		(₹ in Million)
Particulars	As at March 31, 2023	
<b>Trade payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer note 14.1)		0.14
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors		0.56
Accrued salaries and benefits		-
Provision for expenses		0.04
<b>Total</b>		<b>0.74</b>

**Note 14.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006** (₹ in Million)  
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:

Particulars	As at March 31, 2023
(a) Principal amount remaining unpaid to any supplier at the year end	0.14
(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	0.02
(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 14.2 Trade Payables Ageing Schedule		(₹ in Million)					
Particulars	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	Total	
As at March 31, 2023							
(i) MSME	-	0.14	-	-	-	-	0.14
(ii) Others	0.04	0.56	-	-	-	-	0.60
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>0.04</b>	<b>0.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.74</b>

Note 15. Other Current Liabilities		(₹ in Million)
Particulars	As at March 31, 2023	
Duties and taxes payable		0.94
Others		-
<b>Total</b>		<b>0.94</b>





FINANCIAL STATEMENTS OF IIFL OPEN FINTECH PRIVATE LIMITED  
Notes forming part of Financial statements as at and for the period ended March 31, 2023

**Note 16. Fees and Commission Income** (₹ in Million)

Particulars	FY 2022-23
Service Fees Income	5.83
<b>Total</b>	<b>5.83</b>

**Note 17. Other Income** (₹ in Million)

Particulars	FY 2022-23
<b>Interest Income</b>	
<b>Interest income from assets measured at amortised cost</b>	
- Interest on deposits with bank	26.92
<b>Total (I)</b>	<b>26.92</b>
<b>Net Gain/ (Loss) on fair value changes</b>	
<b>(A) Net Gain/ (Loss) on assets measured at amortised cost</b>	
- Investments	24.97
<b>Total (A)</b>	<b>24.97</b>
<b>(B) Fair Value Changes</b>	
- Realised	-
- Unrealised	24.97
<b>Total (B)</b>	<b>24.97</b>
<b>Total (II)</b>	<b>24.97</b>
<b>Total Other Income (I+II)</b>	<b>51.89</b>

**Note 18. Employee Benefit Expenses** (₹ in Million)

Particulars	FY 2022-23
Salaries and Bonus	2.08
Contribution to provident and other funds	0.04
Leave Encashment	0.01
Gratuity	0.00
Staff welfare expenses	0.00
<b>Total</b>	<b>2.13</b>

**Note 18.1 Defined contribution plans** (₹ in Million)

The company has recognised the following amounts as an expense and included under Employee Benefit Expenses

Particulars	FY 2022-23
Contribution to provident fund	0.04
Contribution to employee pension scheme	0.00
Contribution to labour welfare fund	0.00
<b>Total</b>	<b>0.04</b>

**Note 19. Depreciation, amortization and impairment** (₹ in Million)

Particulars	FY 2022-23
Depreciation of tangible assets (Refer Note 4)	0.02
<b>Total</b>	<b>0.02</b>





FINANCIAL STATEMENTS OF IIFL OPEN FINTECH PRIVATE LIMITED  
Notes forming part of Financial statements as at and for the period ended March 31, 2023

**Note 20. Other Expenses**

(₹ in Million)

Particulars	FY 2022-23
Exchange and statutory Charges	0.09
Directors Remuneration / Sitting fees	0.05
Legal and professional charges	1.25
Remuneration to Auditors :	
Audit fees	0.05
Certification work and other matters	0.01
Out of pocket expenses	-
Software Charges	2.57
Subscription Charges*	1.93
Office Expenses	0.34
Miscellaneous expenses	0.08
<b>Total</b>	<b>6.37</b>

\* includes foreign currency expenditure of ₹ 1.93 million on accrual basis.

**Note 21. Tax Expenses**

(₹ in Million)

Particulars	FY 2022-23
<b>Current tax expense</b>	
Current Year	6.32
Changes in estimates related to prior years	-
<b>Deferred tax expense</b>	
Origination and reversal of temporary differences	6.07
<b>Total</b>	<b>12.38</b>

**Note 22. Earnings Per Shares**

Particulars	FY 2022-23
<b>Basic &amp; Diluted</b>	
Face value of equity shares	10
Total Comprehensive Income for the period (₹ in Million)	36.81
Weighted Average number of Shares Subscribed	1,59,82,451
<b>Basic &amp; Diluted EPS</b>	<b>2.30</b>





**23. Fair Value of Financial Instruments**

**Financial Instruments by Category**

(₹ in Million)

Particulars	As at March 31, 2023		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
<b>Financial Assets</b>			
<b>(A) Non Current Assets</b>			
(i) Investments	574.87	-	-
<b>Total (A)</b>	<b>574.87</b>	<b>-</b>	<b>-</b>
<b>(B) Current Financial Assets</b>			
(i) Cash and cash equivalents			59.46
(ii) Bank balance (other than Cash and cash equivalents)			552.27
(iii) Trade receivables			6.62
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>618.35</b>
<b>Total financial assets (A+B)</b>	<b>574.87</b>	<b>-</b>	<b>618.35</b>
<b>Financial Liabilities</b>			
<b>(A) Current Financial Liabilities</b>			
(i) Trade Payables	-	-	0.74
<b>Total financial liabilities (A)</b>	<b>-</b>	<b>-</b>	<b>0.74</b>

**23.1 Financial Instruments Measured At Fair Value – Fair Value Hierarchy**

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

**23.2 Valuation Methodologies of Financial Instruments Measured At Fair Value**

- Quoted Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.

(₹ in Million)

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					
<b>Financial assets</b>					
Investments					
(i) Mutual funds/ Alternate investment fund / Others	574.87	-	-	574.87	574.87
<b>Total financial assets</b>	<b>574.87</b>	<b>-</b>	<b>-</b>	<b>574.87</b>	<b>574.87</b>

**23.4 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, lien or earmarked balances with banks and trade payables.

(₹ in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Total Fair value	Carrying value	Valuation hierarchy
As at March 31, 2023			
<b>Financial assets</b>			
Cash and cash equivalents	59.46	59.46	-
Bank Deposits	552.27	552.27	-
Trade receivables	6.62	6.62	-
<b>Total financial assets</b>	<b>618.35</b>	<b>618.35</b>	
<b>Financial Liabilities</b>			
Trade payables	0.74	0.74	-
<b>Total financial liabilities</b>	<b>0.74</b>	<b>0.74</b>	





FINANCIAL STATEMENTS OF IIFL OPEN FINTECH PRIVATE LIMITED  
Notes forming part of Financial statements as at and for the period ended March 31, 2023

**Note 24. Related Party Transactions**

**(A) List of related parties**

Nature of relationship	Name of party*
<b>Holding Company</b>	IIFL Finance Limited
<b>Fellow Subsidiaries</b>	IIFL Home Finance Limited
	IIFL Samasta Finance Limited
	IIFL Sales Limited
<b>Key Managerial Person</b>	(i) Mr. Mehul Somaiya – Company Secretary
	(ii) Ms. Mabel Annie Chacko – Chief Executive Officer

\* The above list includes related parties identified by the management with whom the transactions have been carried out during the year.

**(B) Significant Transactions with Related Parties for the period ended Mar 31, 2023** (₹ in Million)

Nature of transaction	Holding Company	Total
<b>Referral fees income</b>		
IIFL Finance Limited	5.83	5.83
<b>Allocation / reimbursement of expenses paid</b>		
IIFL Finance Limited	0.01	0.01
<b>Allocation / reimbursement of expenses paid others</b>		
IIFL Finance Limited	0.15	0.15
<b>Allocation / reimbursement of expenses received others</b>		
IIFL Finance Limited	0.07	0.07
<b>Capital Contribution (Equity)</b>		
IIFL Finance Limited	384.00	384.00

**(C) Closing balances with related parties** (₹ in Million)

Nature of transaction	Holding Company	Total
<b>Other receivable</b>		
IIFL Finance Limited	6.62	6.62

\*Wherever amount is less than ₹ 0.01 million, shown as ₹ 0.00





**Note 25. Risk Management**

The Group 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. Group has established procedures to periodically place before the Management and the Board of Directors, the risk assessment and minimisation procedures are being followed by the group and furthermore steps taken by it to mitigate these risks. ERM has been adopted by the group which uses defined Key Risk Indicators based on quantitative and qualitative factors.

**Note: 25.1 Credit Risk**

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investments.

**Credit Quality Analysis**

The following tables sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

As at March 31, 2023		
Particulars	Financial Assets where loss allowance measured using simplified approach/ cost	Total
Bank Deposits	552.27	552.27
Cash and cash equivalents	59.46	59.46
Trade receivables	6.62	6.62

**Note: 25.2 Market Risk**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument.

**-Price Risk: Exposure**

The Company's exposure to assets having price risk is as under (Net)

Particulars	Mutual Funds	Total
As at March 31, 2023	574.87	574.87





**Note 26. Additional Disclosure Requirements**

**(i) Relationship With Struck off Companies**

The Company has not entered into any transactions with struck 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 Company is in compliance with clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 as there are no such investments made.

**(iv) Utilisation 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 there are no ongoing Tax Assessments where any undisclosed income is recognised by the relevant 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.

**(viii) Disclosure of Borrowings**

The Company has not borrowed any funds from any banks or financial institutions during the period. Hence no disclosures is required hereunder.

**(ix) Wilful Defaulter**

The Company has not borrowed any funds from any banks or financial institutions during the period. Hence no disclosures is required hereunder.

**(x) Title Deeds Of Immovable Properties Not Held In Name Of The Company**

The Company holds no Immovable properties or premises under lease agreements. Hence no disclosure is required hereunder.

**(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) Contingent Liabilities & Capital Commitments**

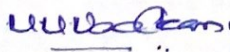
Particulars	FY 2022-23
Contingent Liabilities	NIL
Capital Commitments	NIL

**(xiii) Accounting ratios**

Particulars	FY 2022-23
(a) Current ratio	366.49
(b) Debt to Equity ratio	NA
(c) Debt Service coverage ratio	NA
(d) Inventory turnover ratio	NA
(e) Trade receivable turnover ratio	1.76
(f) Trade payable turnover ratio	NA
(g) Return on Capital employed	4.12%
(h) Net Profit ratio	0.64

**For Nadkarni Date & Associates LLP**

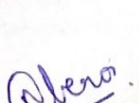
Chartered Accountants  
Firm Registration No. W100596



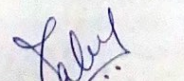
**Mitesh Nadkarni**  
Partner  
Membership No. 120968  
UDIN: 23120968BGWZR3257



**For and on behalf of the Board of Directors**

  
**Mehak Oberai**  
Director  
DIN: 08829128

  
**Deena Jacob**  
Director  
DIN: 06552579

  
**Mabel Chacko**  
Chief Executive Officer

  
**Mehul Somalya**  
Company Secretary

Place : Mumbai  
Dated: April 24, 2023



**STANDALONE FINANCIAL STATEMENTS OF IIFL OPEN FINTECH PRIVATE LIMITED**  
Notes forming part of Standalone Financial Statements as at and for the period ended March 31, 2023

**Note 1. CORPORATE INFORMATION:**

**Company overview**

IIFL Open Fintech Private Limited (the "Company") is a Private Limited Company incorporated in India.

The company was incorporated on 17<sup>th</sup> day of May, 2022 and has its registered office located at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400604. The company is engaged in providing digital services that include neo-banking and lead aggregation services.

The audited financial statements were approved by the Board of Directors of the Company on 24<sup>th</sup> April 2023 and was recommended 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 measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The Financial Statements are presented in Indian rupees which is determined to be functional currency of the company and the currency of primary economic environment in which the company operates.

**(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





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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 the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013 along with the applicable guidelines issued by Reserve Bank of India ("RBI"). In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India ("ICAI") are also applied except where compliance with other statutory promulgations requires a different treatment.

**(c) Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division II to Schedule III to Act applicable for IND AS compliant Companies. 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.

**Note 3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

**i. Interest income and dividend income**

Interest income on financial instruments at amortised cost/ cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

Interest on financial instruments measured at fair value is included within the fair value movement during the period.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at fair value through profit and loss ("FVTPL"), transaction costs are recognised in the Statement of Profit and Loss at initial recognition.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.





**ii. Fees and commission income**

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 business accounting and lead aggregation services.

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. Other operational revenue**

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

**(b) Property, plant and equipment ("PPE")**

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax, if any, less accumulated depreciation. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Depreciation is charged using the straight-line method, based on the useful life of fixed assets as estimated by the Management, as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold. In case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset. Individual assets / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase.

**The estimated useful life of assets is as under:**

Class of assets	Useful life
Buildings	20 years
Computers	3 years
Office equipment	5 years
Plant and Equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

For 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 derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.





**Capital work in progress**

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest and are disclosed as "capital work-in-progress".

**(c) Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortisation and cumulative impairment.

Intangible assets i.e. Software are amortised on straight-line basis over the estimated useful life of 3 years.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

**(d) 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 recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

**(e) Employee benefits**

*Defined contribution plans*

The Company's contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees and are accounted for on an accrual basis and recognised in the Statement of Profit and loss.





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*Defined benefit plans*

Short term employee benefits: Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. These benefits include performance incentive and compensated absences

Post employment benefits: The employees' gratuity fund scheme represents defined benefit plan. The present value of the obligation under defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to the Statement of Profit and Loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

Long term employee benefits: The obligation recognised in respect of long term benefits being long term compensated absences, is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plan above.

**(f) 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 period.

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 period 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.





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**(g) Taxes on income**

*Current tax*

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

*Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax is not 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 recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans and the reversal of temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that 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 recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Deferred tax assets and liabilities are offset 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.

**(h) Financial instruments**

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and





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financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit and Loss.

***Financial instruments***

***Recognition and initial Measurement***

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Purchase and sale of financial assets are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

***Classification and Subsequent measurement***

The Company classifies its financial assets into the following measurement categories: amortised cost; fair value through other comprehensive income; and fair value through profit or loss.

***Write-off***

Trade receivables are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

***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 recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously

**(i) 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.

**(j) Goods and service tax input credit**

Goods and service tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/ utilising the credits.





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**(k) Foreign currencies**

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

**(l) Segment reporting**

The Company's primary business segments are reflected based on the principal business carried out, i.e. neo banking. 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.

**(m) Provisions, contingent liabilities and contingent assets**

Provisions are recognised only when:

- an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**(n) 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:





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- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes and unrealised foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

