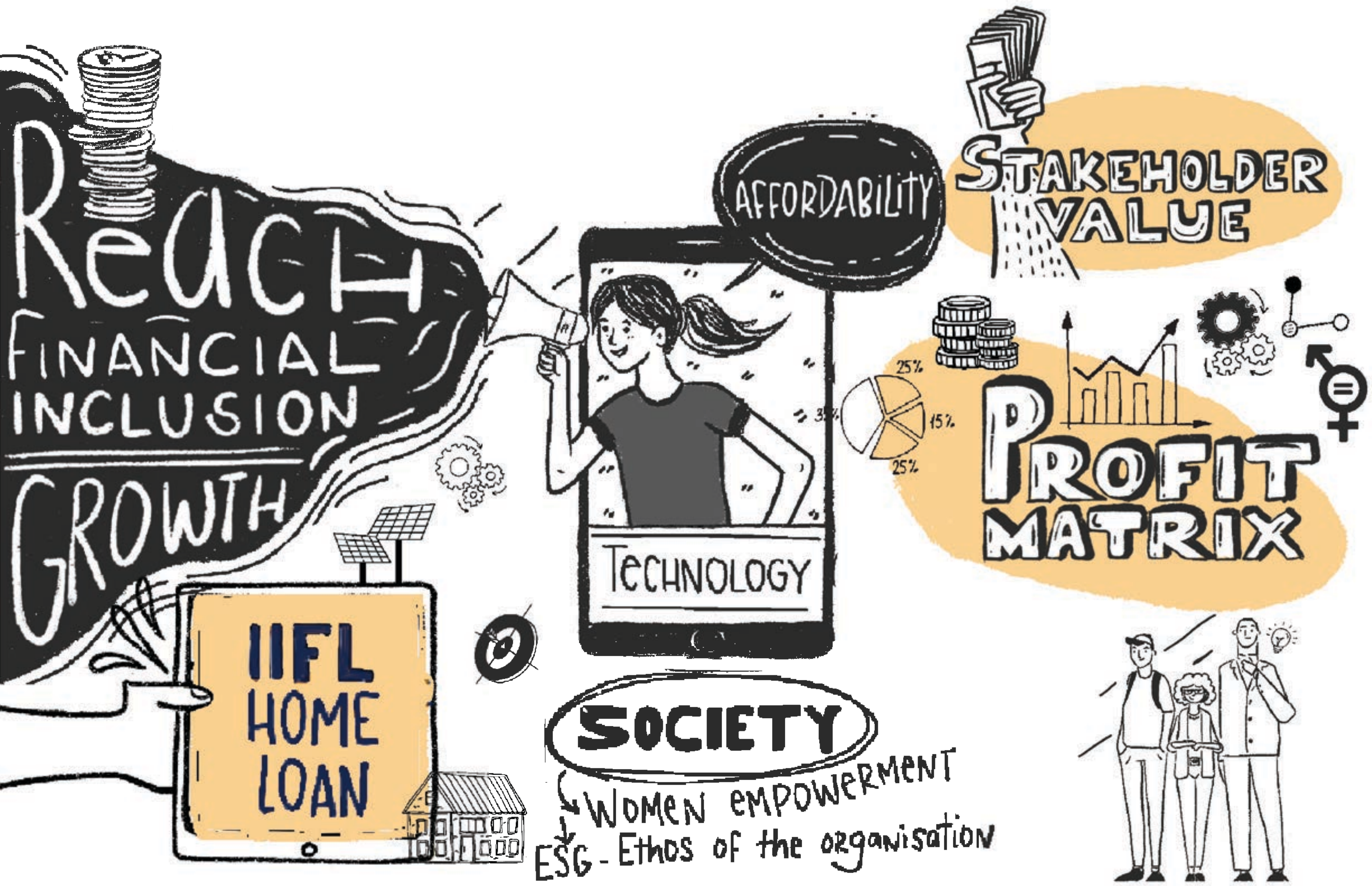
Integrated Annual Report 2021-22



IIFL Home Finance Limited

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Disclaimer: This document contains statements about expected future events and financials of IIFL Home Finance Limited, 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 a number of 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 Integrated Annual Report.

About this Report

As one of our principal communication documents, this Report is addressed to all our stakeholders. It captures information about our business verticals and processes while also providing insight into our business's economic, social, and environmental areas. It is aligned with our business strategy and highlights the material issues that may impact our ability to create sustainable value.

Our Approach to Reporting

IIFL Home Finance Limited ('the Company') has developed this Report in accordance with the principles of Integrated Reporting (IR) established by the International Integrated Reporting Council ('IIRC') as a means of increasing disclosure to all our stakeholders. This Report also provides detailed insights into our operating environment, strategies, material issues, risks and opportunities, engagement with stakeholders, and approach to long-term sustainability, in addition to our integrated value creation, both financially and non-financially, across six capitals.

Reporting Period, Scope and Boundary

The reporting period for this Integrated Report is from April 1, 2021 to March 31, 2022. It includes an overview of our operations, business segments and key focus strategies.

Reporting Standards and Frameworks

We followed the principles of Integrated Reporting <IR> as put forth by the International Integrated Reporting Council (IIRC) in creating this Report, which attempts to fulfil the needs of our various stakeholders. The Company fully complies with the NSE and BSE listings and SEBI guidelines. The statutory reports, including the Directors' Report, Management Discussion and Analysis (MD&A) section, the Corporate Governance Report and the Business Responsibility Report, are in line with the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the prescribed Secretarial Standards. The non-financial information presented in this Report is based on the sustainability reporting standards of the Global Reporting Initiative (GRI Standards).

Our Approach to Materiality

This Report gives an overview of our business and related operations that help us create sustainable value. The Report also discusses certain concerns that might have a significant impact on our organization's ability to create value, as well as the efforts taken to address them.

Management Assurance

Our Company's senior management, under supervision of the Managing Director & CEO, has reviewed the Report content. The Board members of the Company have provided the required governance oversight.

Cover Theme

IIFL Home Finance believes in the advanced transformations to simplify the processes. Our simple, agile and advanced thinking towards a better future can be depicted through imaginative illustrations.

Cover artwork by: Mamta Singh

SOLID.
SMART.
SUSTAINABLE.

This is Srishti, our virtual assistant, you can reach out to her on our website to chat.

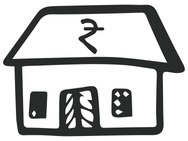
SOLID FOOTING. SMART SOLUTIONS. SUSTAINABLE HOMES.

Over the years, we have focused on strengthening our **SOLID** footing through our digitally-enabled **SMART** solutions as we assist the construction of **SUSTAINABLE** homes through our operations. We believe that we can positively impact the Indian housing market through our business and approach as we diligently work to instrument the next wave of growth in the burgeoning home financing sector.

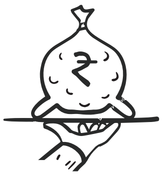
As one of the world's fastest-growing economies, India's aspiration to become an economic powerhouse is dependent on the country's housing and infrastructure development. To this end, the Government's investment in infrastructure has created a plethora of opportunities in the housing finance sector. And we, as a housing finance Company are well-positioned to pursue these prospects both externally and internally.

Established in 2006 as a wholly-owned subsidiary of IIFL Finance Limited, the Company commenced operations in 2009 after being registered with the National Housing Bank (NHB). The Company has progressively worked towards facilitating affordable home loans to property buyers. 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.

Our Offerings



Home Loans



Secured Business Loans

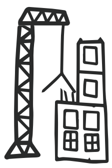
Affordable Housing Project Loans

We have built a strong foundation in the housing finance sector attributed to our robust balance sheet, strong liquidity position, and prudent underwriting standards. Our digital services and technology-enabled procedures have helped us gain technical excellence while increasing productivity and strengthening our 'Phygital' edge.

As a socially-conscious Home Finance Company, we have always believed in building a sustainable future. One which puts greater emphasis on affordable housing and expanding financial inclusion to the underserved segments of society. Through our responsible commitment to sustainability and development, we are leveraging our strong foundation and digital skills to drive the green home space of the future. We call ourselves Solid, Smart and Sustainable because we are prepared, our offerings are relevant and we have pledged to be accountable and aware.

We believe in

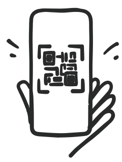
Expanding Financial Inclusion



Sustainable Construction

Affordable Housing

Superior Customer Experience



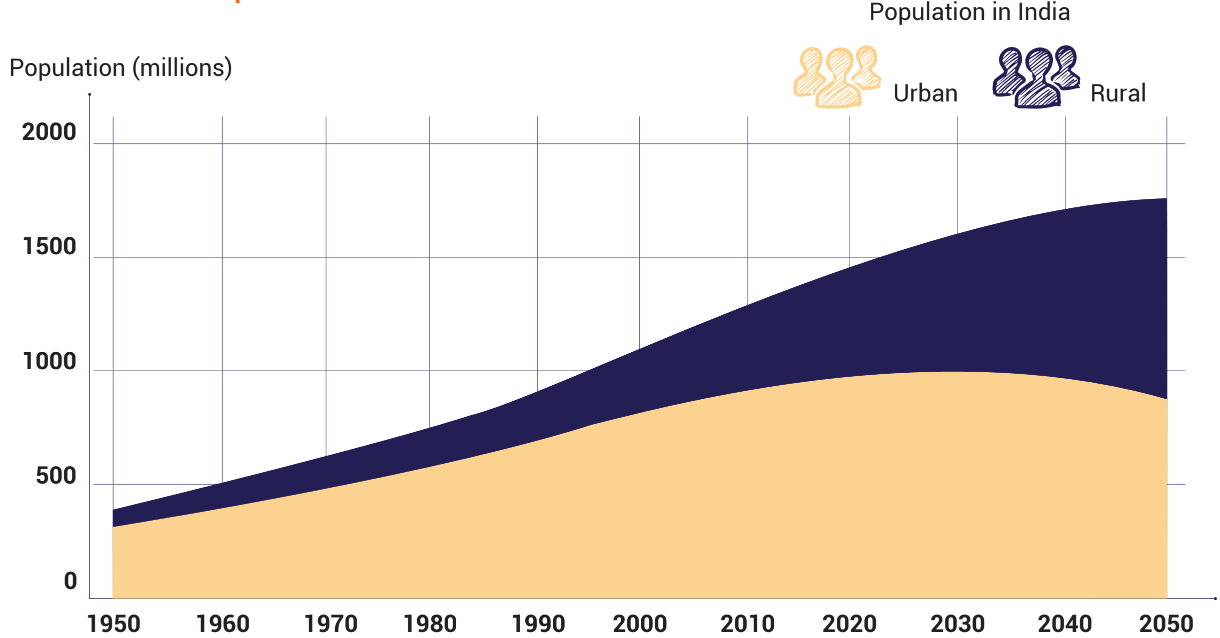
Digitalized Processes

On a Solid Footing

Owning a home stands for financial affluence and emotional security. But even today, millions of Indians live in wretched conditions in the paucity of housing options, inadequate income, and limited access to housing finance for low-income borrowers.

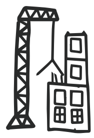
To address this pressing need, Affordable Housing is the answer. It is the solution to the large-scale urbanization that India is currently undergoing.

Urban and Rural Population in India



Around 600 million

People are anticipated to make urban India their home by 2030 compared to 461 million in 2018



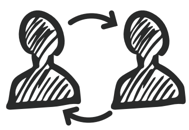
70-80%

Of the urban infrastructure that will exist in 2050 is yet to be built

US$ 827 billion

Is the estimated gap in the urban infrastructure investment over the next 15 years

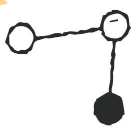
HFCs – Key to Fulfilling the Credit Gap in the Indian Affordable Housing Space



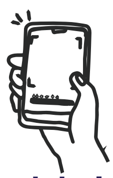
91%

Of the houses in India are built using their funds from informal borrowing sources

What makes HFCs better suited for this demand



Extensive Reach



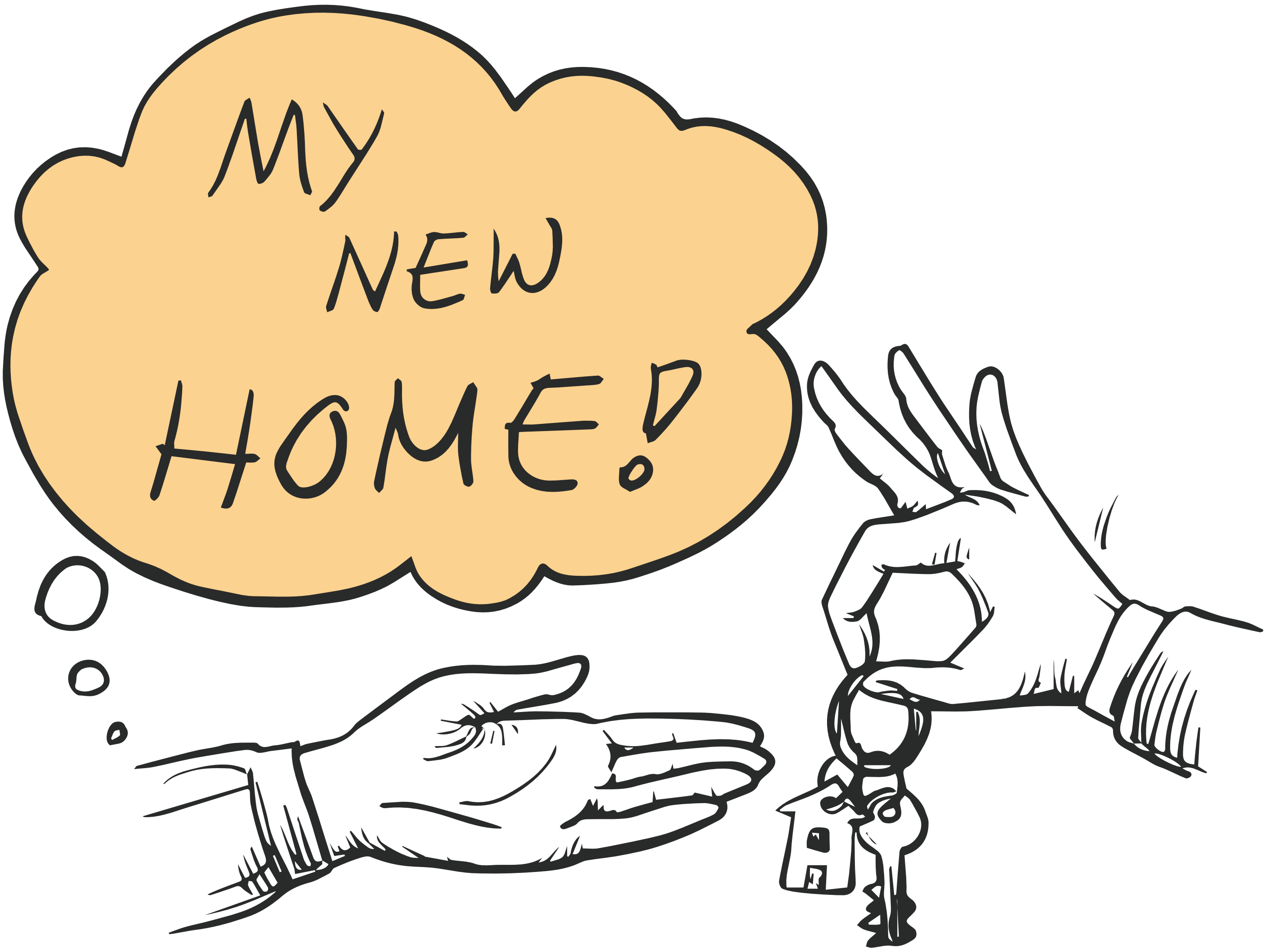
Digital Integration

Efficient Customer Servicing

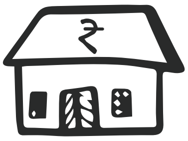
(Source: UN DESA, Urban and Rural Population India (2018), Grant Thornton Research)

IIFL Home Finance is amongst the leading players in the Indian housing finance space. We are actively supporting the evolved housing finance needs of the marginalized sections of the society - the underserved as well as promoting affordable housing and sustainable construction.

Aligned with Government's 'Housing for All' mission, our focus is to expand home loans to customers in Tier-I suburbs, Tier-II and Tier-III cities at affordable interest rates.



Home Loan

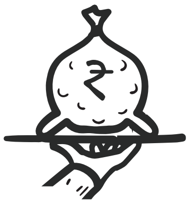


₹ **1.7** million

Average ticket size

The IIFL Home Loans offers a host of benefits such as home loan balance transfer, interest subsidy under the PMAY scheme, longer tenure, zero pre-payment charges, doorstep services, others. Our Home Loan offerings are customized to the needs of the customer, and range from buying a new home, renovating an existing home, constructing on pre-owned land, and purchase of land for building a house. We primarily cater to the housing needs of salaried, self-employed, and professionals.

Secured Business Loan

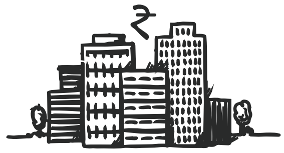


₹ **2.8** million

Average ticket size

Small and medium businesses can use Secured Business Loans to meet their working capital needs, business demands, and commercial property purchases. The loans are secured by mortgages on residential or commercial properties. We provide small ticket loans to lower-income segments such as small traders and garment shop owners, to name a few, ensuring our commitment to the Atma Nirbhar Bharat Abhiyan (a National Mission initiated by the Indian government aimed at improving India's self-reliance).

Affordable Housing Project Loan



₹ **211.3** million

Average ticket size

We provide Project Loans to cover construction costs for reputable developers' affordable housing projects. We play a crucial role in promoting green building methods and assuring compliance with Environmental, Social, and Governance (ESG) aspects of supported projects by working with developers. In the retail house loan area, we also work with developers to provide loans to property buyers.

Expanding our Solid Footing

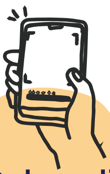
Association with Asian Development Bank

IIFL Home Finance Ltd. collaborated with Asian Development Bank (ADB) through a Technical Assistance (TA) program of USD 1 million and loan of USD 10 million to supportthe green building ecosystem in the affordable housing sector in India and a loan of USD 58 million to enable lower-income groups, especially women, in the country to get access to affordable and green buildings. The funding is first of its kind in India, shall be utilised to organise knowledge events and increase awareness among various stakeholders regarding the green certified housing standards in the affordable housing segment.

Smart Solutions

At IIFL Home Finance, through our SMART solutions, we are committed to making Affordable Housing a living reality.

Our Digital Capabilities across the Value Chain

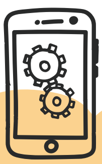


Onboarding

- Digital platform for paperless client onboarding
- Analytical tools for application screening
- Fintech integration for minimal physical documentation E-Sign, eNACH, eMandate

Underwriting

- Digital integration with credit bureaus
- Fintech collaboration for real-time validation and bank statement analysis
- AI and Machine Learning tools to foster quick and accurate underwriting



Operations

- E-Disbursement of loan
- CRM integration for seamless customer servicing
- Chatbot IVR WhatsApp messages for self-resolution of enquiries

Collections

- End-to-end digital collection process
- Integrated CRM dialler with advanced in-built logic to interact with defaulter strategically
- Route optimization for collection personnel

Some Digital Initiatives in 2021-22

Dedicated Website

Launched a dedicated website for the potential and existing IIFL Home Finance customers with visitor analytical tools and up to nine regional language support for the ease of customers

Hyperlocal Web Pages

Listed all branches on Google My Business (GMB), enabling the customers to search and locate their local branch, apply for a loan, or raise a complaint or service-related request

Developing Brand Image

Leveraging Brand Watch - a social media listening tool to understand the sentiments of our existing and target audience to monitor brand image and develop custom communication campaigns

Customer Privacy

At IIFL Home Finance, we have deployed cutting-edge technology to keep up with the need for customer privacy and data security.
To limit the risks posed by cyber security, we place a premium on having the proper technology, systems, policies, procedures, and personnel in place. We seek consent before utilizing customer information and take adequate steps to safeguard it.

Sustainable Housing – The Big Shift

Sustainable housing ensures that the aspirations of socially-conscious buyers to own a responsibly constructed project are met while promising them a comfortable and affordable home.

Sustainable housing, by design has a minimal impact on the environment. It is designed to be climate-resilient and efforts are made while constructing it to minimize its negative impacts on the environment.

A solid government backing along with the right policy push is helping build a strong outlook for the Sustainable Housing sector in India. Going ahead, the increasing investor focus towards the sector and expanding Green Mortgages and Green Construction Loans from Commercial Banks and HFC's to the developers, is expected to provide sufficient liquidity cushion for development of Green Housing in India

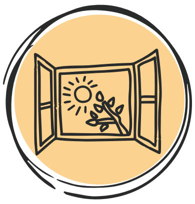
Benefits of Green Housing

Sustainable Consumption

Reduction in energy and water consumption

Improving Living Standards

Improved thermal comfort, health, hygiene and better sanitation for its occupants



Energy Savings

Better ventilation and light in the dwelling units

Reducing Pollution

Fuel savings while people travel to their workplaces

(Source: Indian Green Building Council)

Green Affordable Housing Rating

Green certifications provide a structured guideline for project teams to design, construct, and operate green buildings. The emphasis is placed on the achievement of specific benchmarks through adoption of no-cost or low-cost strategies and technologies[1]. Therefore, this approach is selectively undertaken to adopt green measures that are simple and yet have profound impacts in conserving the environment. Green certifications for buildings have proven to result in the development of climate resilient, affordable building structures[1] as well.

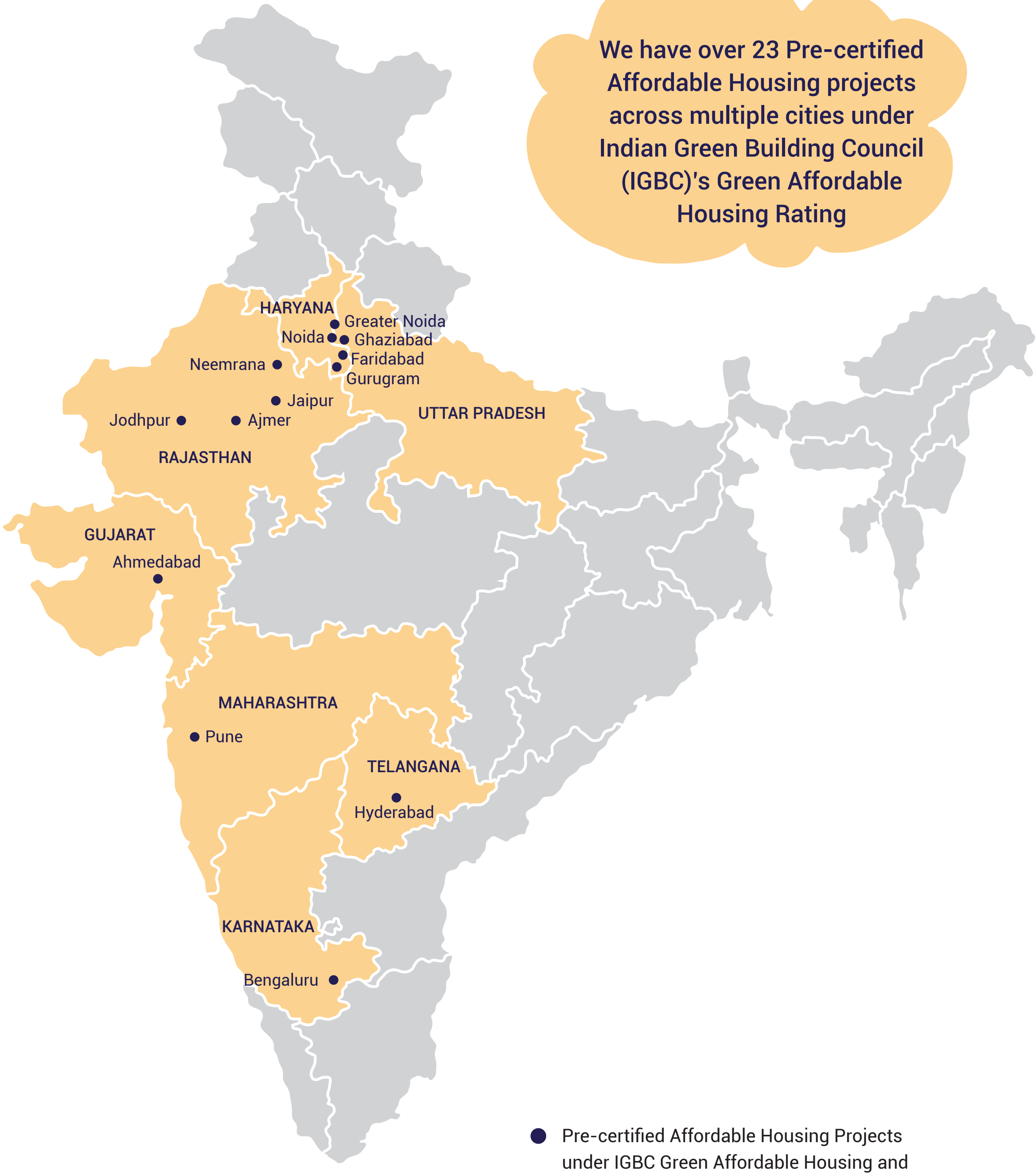
Over the past year, 10 Affordable Housing projects catering to the Economically Weaker Sections (EWS) and Low-Income Group (LIG) have been pre-certified under the Indian Green Building Council (IGBC)'s Green Affordable Housing Rating, launched in 2017.

[1]Ramkumar, S. (2020). Why Green Ratings for Buildings Matter? [online] The Energy Resources Institute. Available at: Why Green Ratings for Buildings Matter?

States Promoting Green Construction in India

State Governments are offering additional Floor Area Ratio (FAR) ranging from 5% to 15% for the IGBC's silver, gold and platinum-rated projects to boost green housing.

We have over 23 Pre-certified Affordable Housing projects across multiple cities under Indian Green Building Council (IGBC)'s Green Affordable Housing Rating



● Pre-certified Affordable Housing Projects under IGBC Green Affordable Housing and Green Homes Rating

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

Our Contribution to Sustainable Housing in India

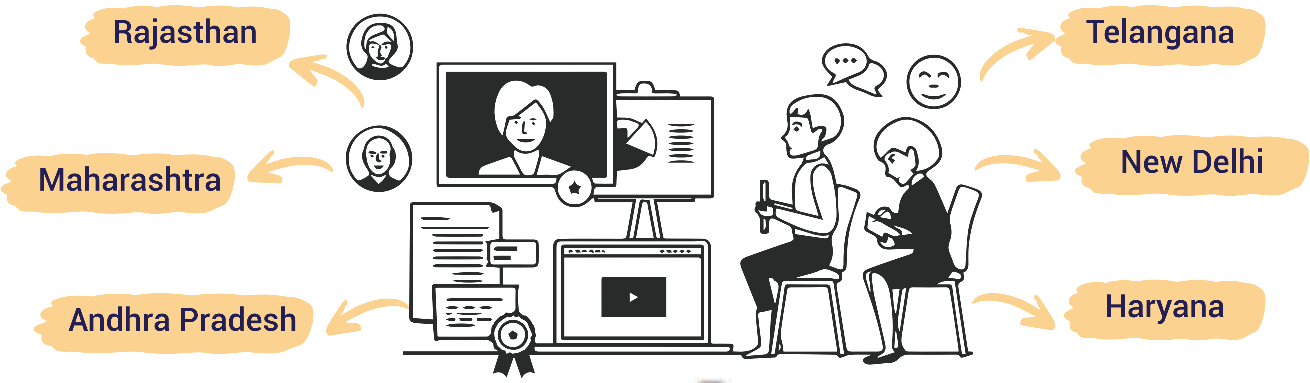
We provide customized Projects Loans to reputed developers to construct affordable housing projects. This is in line with our philosophy of prioritizing environmentally and socially-responsible initiatives backed with Green Certification. Our tie-ups with several developers enable us to extend credit to property buyers under the retail home loan category.

'Kutumb'

A Green Building Initiative

'Kutumb' is a knowledge ecosystem, conceptualized to promote Green Affordable Housing in India, engaging with developers, architects, rating agencies, DFIs and FIs for better understanding of green design, rating and financing options available.

IIFL Home Finance organised six regional 'Kutumb' webinars in the states



1,570
Developers

2,075
Participants

GREEN VALUE PARTNER
CONCEPTION TO CERTIFICATION

Green Value Partner (GVP)

A Process from Conception to Certification

To bridge the gap and uncertainty among developers, pertaining to the cost implications of green building certification process, we have curated in-house technical expertise which supports in providing assistance on green building methodologies and certification processes to developers.

1
Certified Project

23
Pre-certified Projects

7,465
Units

The above numbers are as on 31st March 2022

Awas Par Samwad (APS)

Helping Build a Green Affordable Housing Ecosystem

Under the Ministry of Housing and Urban Affairs' (MoHUA) project 'Awas Par Samwad', IIFL Home Finance hosted a series of webinars. The webinars were conducted with the goal of establishing a sustainable and green affordable housing ecosystem in India. Design students, academics and architects, green building engineers and consultants, sustainability specialists, and urban practitioners, attended these.

4
APS webinars conducted

400+
Participants

SUNREF Regional Promotion Event

The SUNREF Green Housing India initiative was started in August 2017 by NHB in collaboration with the Agence Française de Développement (AFD) with assistance from the European Union (EU). This initiative aims to make green housing more accessible to Economically Weaker Sections (EWS) and Low-Income Group (LIG) by promoting green housing and demonstrating its commercial potential and relevance in India.

250+
Participants at the SUNREF promotional events

IIFL HFL participated in 'Opportunities and Challenges in Financing Green Affordable Housing in India' webinar at the SUNREF India Regional Promotional Events, held in Bengaluru, Chennai and Kolkata organized by AFD, NHB and CRISIL Limited.

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Letter from the Chairman

TOWARDS THE NEXT NORMAL – PHYGITAL, SUSTAINABLE

Dear Stakeholders,

After a year of the unexpected in 2020, the year 2021witnessedthe nation's transitioning from the 'New Normal' to the 'Next Normal'; the successive COVID-19 pandemic waves felled by a massive nation-wide vaccination drive; and debottlenecking of the supply chain. Altogether, we saw the economy recovering from the adverse effects of the COVID-19 pandemic – a demonstration of our exceptional abilities to pick up, dust off and move on. This proved to be the year that differentiated the resilient from the weak – opening vast growth opportunities for the stronger ones who emerged even stronger from the face of the pandemic.

As the negative effects of COVID-19 pandemic reduced at the beginning of 2021-22, along with the easing of the lockdown and travel restrictions, we witnessed a general boost in public morale and spending sentiments. India's economy recorded a real GDP growth of 8.7% in 2021-22, as per latest Government estimates announced in June 2022 making it the world's fastest-growing major economy, bolstered by a vision of becoming a USD 5 trillion economy over the next 5 years. This growth narrative resulted in a demand boost for credit and further pushed the need for infrastructure development. A nation's infrastructure has always been considered foundational to its growth. Therefore, it is imperative to strengthen India's backbone to achieve the country's growth story.

The cumulative impact of the pandemic, the Government's support measures, 'work from home' culture, and increased internet penetration across the country have led to increased residential demand, rapid urbanization, and the need for affordable housing. At IIFL Home Finance, our capabilities will enable us to tap these opportunities expected in the home financing and affordable housing space.

It brings me great pleasure to inform you that our Company demonstrated exemplary agility and resilience amid these uncertain circumstances to deliver yet another robust performance during the year. This performance was multi-dimensional. At one level, the Company witnessed strong all-round growth in volume, business levels as well as new highs in profit and profitability and maintained almost pre-pandemic levels of asset quality. At another level, execution of the broader philosophies that have always underpinned our Company including financial inclusion, sustainable development and affordable housing. We were determined on our strategic imperatives of expanding our 'Phygital' edge, improving digital capabilities, thereby facilitating faster and substantive delivery to customers, promoting Government's 'Housing for All' mission and advancing as a responsible corporate citizen. During 2021-22, our Company reported total revenue of ₹ 22,214 million, an increase of 7% compared to last fiscal year, and a net profit of ₹ 5,780 million, a growth of 44% over the previous year. All these without losing physical customer connectivity.

For our Company, serving the unserved and underserved by meeting their financial needs in our domain, has always been an article of faith. The partnerships with the State Governments and authorities that have been carefully nurtured by us, empowering us to extend loans for affordable housing to first-time home buyers, women buyers, salaried professionals and informal sector employees. During the year, we inducted over 55,700 low income customers into our family to benefit through our home loans, accessing government subsidies of over ₹ 13 billion. To counter the pandemic's adverse impact, we continued providing top-up loans to our existing customers along with additional liquidity support under various Government schemes to SMEs. We also continued leveraging the RBI's new co-lending model. This helped us to effectively expand our loan book at

Our Company's sustainability initiatives are inextricably linked to our success. We make conscientious efforts to support long-term sustainable projects through our 'Kutumb' and 'Green Value Partner' initiatives.

a lower risk exposure with stable fees income and a leaner balance sheet. Our company has the highest ratio of offbook to onbook exposure in the country. In this sense, our Company has significantly catalysed home credit flows, particularly to the lower income and underprivileged groups through its own loan generation and securitization post seasoning; Co-lending with banks; facilitating access to Government subsidies through effective and proactive coordination with National Housing Bank (NHB) and Government of India. All these in a challenging external environment but partially mitigated through unwavering adherence to 'Phygital' model and abiding commitment to customers displayed by the entire staff of our Company.

In a pursuit to continue growing our Company's presence, we expanded our branch network to 225 during 2021-22.Digitalization has been integral to our growth, allowing us to be the front runners in the home financing and affordable housing space. Our 'Phygital' edge and digital infrastructure capabilities supported us in expanding our customer base while also increasing productivity. Our enterprise-wide digital integration includes paperless client onboarding, loan processing, disbursement and servicing, along with tech-based credit underwriting and e-learning platforms for our employees. Further, our fintech associations across the value chain have also enabled us to deliver a differentiated customer experience with a lower turnaround time. We have also sought to leverage the IIFL Group synergies to mutual advantage.

At IIFL Home Finance, employees are the core of our organization. We strive to keep them engaged and committed and continuously organize digital and physical meets. During the year, we partnered with 'CultFit' to promote the fitness and wellbeing of our people. We have also been following all COVID-19 health and safety protocols to ensure a healthy workforce. As in the previous year, we ensured full business continuity in our operations, thanks to our employees and systems and processes adopted. We take a holistic approach to the overall development of our people. From our E-learning platform to rule-based performance and rewards, we ensure a transparent and inclusive workplace for our people. Caring and transparency - *seedhibaat* are our leitmotifs in sync with the IIFL Group values.

Our Company's sustainability initiatives are inextricably linked to our success. We make conscientious efforts to support long-term sustainable projects through our 'Kutumb' and 'Green Value Partner' initiatives. We strive to be a responsible corporate and focus our concerted efforts on Green building and sustainable construction.

The outlook for the Indian economy looks relatively optimistic on the back of reducing infection rates and arguably the world's largest vaccination program with more than 80% of the population vaccinated. However, the global geopolitical situation, impact on macro-economics and the potential outbreaks would pose challenges. Notwithstanding, the overall construction and infrastructure development sectors, including residential, housing finance, and affordable housing space, are expected to witness a significant boost which should mitigate the macro-challenges. With our strong foundation, smart solutions and sustainable approach, our Company is well-positioned to leverage these opportunities while expanding sustainable development and financial inclusion in India.

"The cumulative impact of the pandemic, the Government's support measures, 'work from home' culture, and increased internet penetration across the country have led to increased residential demand, rapid urbanization, and the need for affordable housing. At IIFL Home Finance, our capabilities will enable us to tap these opportunities expected in the home financing and affordable housing space."

In the end, I would like to express my heartfelt gratitude to fellow Board members, stakeholders, and investors for their unwavering support and belief in us. I also sincerely thank all our bankers, customers, and committed employees who have empowered us to reach where we are today. At IIFL Home Finance, we are committed to keeping a close eye on the changing investment landscape and grasping new opportunities to create sustainable value for all our stakeholders. Thereby, helping create Solid, Smart and Sustainable homes for the numerous beneficiaries, we call customers.

Best Wishes,

S. Sridhar
Chairman

Strategic Overview from the CEO's Perspective

At IIFL Home Finance, sustainability is embedded in our core values. We focus on investing in Green Certified projects under our Project Loan vertical to ensure the advancement of sustainable and socially conscious development in India.

PROMOTING INCLUSIVE GROWTH-FULFILLING DREAMS

Dear Stakeholders,

I hope this letter finds you safe and well. Lives, livelihoods and businesses were severely impacted by multiple waves of the Covid-19 pandemic. I would like to extend my heartfelt gratitude to everyone, especially our frontline personnel, who have diligently fought to protect the safety of our people and communities.

After an exceptionally challenging macro-economic scenario and multiple waves of the Covid-19 pandemic, this year proved to be a good one, bringing out relatively the best as the economy progressed steadily. Despite a highly volatile previous year, 2021-22 brought in great opportunities, with the economy expanding by 8.7%. This expansion was driven by reducing infection rate from Covid-19, widespread inoculation, revival across business activities and an overall boost to public morale with the ease of restrictions and life resuming normalcy to an extent. The economy was further bolstered by the Government's liquidity and stimulus measures along with RBI's loan moratorium and reduced interest rate defences.

The year also witnessed India experiencing new shoots of growth. There was a considerable uptick in the core sectors as the demand and consumption restored to their pre-pandemic levels as the year progressed. Increased levels of Government and private consumption further boosted our reviving economy.

Moving ahead, the next phase of India's

development will be significantly determined by how promptly the country extends its physical and digital infrastructure. And, housing, in this respect, plays the part of a crucial component. The year 2022 is witnessing robust growth in housing demand in India. And this demand is likely to intersperse right throughout the year. The housing finance industry in India is expected to grow by 11% in next 3 to 4 years.

The Government continues to prioritize affordable housing while also looking for methods to improve existing financing processes – offering liquidity to stalled real estate projects. Indian housing finance industry has seen exceptional growth, with its loan book more than doubling in the last five years, reaching ₹ 22 trillion in 2020-21. HFC's with a 33% share in the overall housing space, is estimated to see growth in their loan book owing to increased residential demand, co-lending arrangement and HFC's extensive reach and customer servicing capabilities. Government's vision of 'Housing For All' is another initiative for the continuous efforts facilitating financial inclusion of the undeserved and informal segments. Credit Linked Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana-Urban is a government initiative that supports the economically weaker sections of society taking them a step closer to owning the home they live in. IIFL Home Finance in line with government's vision, successfully disbursed CLSS subsidy to over 55,700 beneficiaries amounting to more than ₹ 1,300 Crore since the inception of the scheme.

There has been a consolidation in the housing finance industry, which has opened up opportunities for IIFL Home Finance to scale up and cater to the rising demand. This was made possible as we leveraged our strong foundation, advanced digital infrastructure, prudent underwriting capabilities, experienced management and governance oversight, as well as sustainability in our core values. As a part of our broader philosophy, we emphasized supporting first-time home buyers, women buyers/co-borrowers – the marginalized sections of the society. We provided loans to over 151,000 first-time home buyers and assisted over 97,700 women borrowers/co-borrowers in acquiring their own homes. During the year, we achieved our highest ever monthly and quarterly disbursals along with the highest-ever customer onboarding by expanding our reach to Tier-I, II and III cities. With the expansion in our network, we have also expanded our workforce during 2021-22.

> Our extensive physical reach pan India, stronger-than-ever digital capabilities, comfortable liquidity position, co-lending arrangements and improved productivity are expected to majorly boost us during our growth cycle in the following years.

We are a digitally native organization. Technology runs in our DNA and everything we do at IIFL Home Finance. During the year, we achieved the milestone of 99% digital client onboarding. We also launched our Jhatpat App on Google Play Store, making it more accessible to our customers. During the year, backed by our digital infrastructure, we achieved home loan approval time of 25 minutes with loan being disbursed within 24 hours, whereas we have brought down the turnaround time to just 3 days for non Home Loan Applications. We are integrating digital capabilities across verticals to make our digital infrastructure robust and accurate, thereby providing an agile and seamless customer experience. To further improve our accessibility, deepen our reach into the country's corners and provide a seamless experience to our customers, we re-engineered and expanded our digital infrastructure. With advanced analytical tools and automation, our credit underwriting, appraisal and collection process is faster than ever. Our tie-ups with fintech companies for instant KYC validation, E-signing and easy loan onboarding have enhanced our productivity, helped in cost-optimization and provided a superior customer experience. IIFL Home Finance provides hassle-free, seamless, online loan processing without requiring physical documentation. Furthermore, our customers can now check loan status and resolve queries online.

As part of our broader corporate philosophy, at IIFL Home Finance, sustainability is embedded in our core values. We focus on investing in Green Certified projects under our Project Loan vertical to ensure the advancement of sustainable and socially conscious development in India. Also, we make sure that while the housing is made sustainable there is a sense of honour, security and ownership that the home owners associate themselves with. During the year, IIFL Home Finance Ltd. collaborated with Asian Development Bank (ADB) through a Technical Assistance (TA) program of USD 1 million and loan of USD 10 million to support the green building ecosystem in the affordable housing sector in India and a loan of USD 58 million to enable lower-income groups, especially women, in the country to get access to affordable and green buildings. The funding is first of its kind in India, shall be utilised to organise knowledge events and increase awareness among various stakeholders regarding the green certified housing standards in the affordable housing segment This validates our credibility and our intent to make a difference in people's lives.

In terms of our performance, we were able expand our AUM during 2021-22 to ₹ 236,174 million. Moreover, we also supported developers for sustainable and affordable housing development through our Project Loans vertical. We extended credit to SMEs and aided them through our Secure Business Loans. Our PAT during the 2021-22 stood at ₹ 5,780 million, achieving our highest ever profitability, demonstrating a growth of 44% over 2020-21. As a result, we clocked healthy return ratios, with Return on Assets expanding by ~80 bps, reaching 3.5%, while Return on Equity reached 24.3%, growing by ~400 bps over the previous financial year. Furthermore, with a capital adequacy of 30.5%, we are well-leveraged to grab the opportunities in the housing finance space going ahead.

During the year, our loan book grew by 5%, reaching ₹156,688 million, underpinned by our proficient customer servicing capabilities, digital intervention and stable liquidity position. While growing in size, we also focused on improving our asset quality. Our GNPA on AUM, during 2021-22, stood at 2.6%, considering RBI notification dated November 12, 2021. Excluding the impact of RBI notification, the GNPA on AUM for 2021-22 stood at 1.8%. The overall provision coverage ratio stood at 120% of the AUM, highlighting strong cover against any adverse risks.

Under Asset-Liability Management policy, our Company has been able to maintain adequate liquidity. We also raised funds by issuing non-convertible debentures (NCDs) in two i.e. Unsecured NCDs in July 2021 and Secured NCDs in December 2021. The NCDs were rated AA/Stable by CRISIL and by AA+/Negative by BRICKWORKS. We have been able to reap strong belief from retail subscribers with over 22,300+ participants, Furthermore, with the updated co-lending set up between banks and HFCs, we expanded our loan book with a low-risk profile and asset-light balance sheet. During the year, under the co-lending agreement, we tied up with several banks to extend loans to our customers. We co-lent over ₹ 17 billion with multiple banks while only having exposure of 20% on our balance sheet.

We undertook the necessary steps to ensure our people's health, safety and well-being. We continue following all Covid-19 precautions and guidelines to keep our workplace safe. During the year, we continuously engaged with our people to keep the team motivated while nurturing them. Our Management interacted with the employees regularly to understand and resolve their issues. We also organized digital and physical training sessions. Our people are our driving force, and we take an extra step to ensure an equitable and unbiased work environment that fosters overall development, diversity, and employee retention.

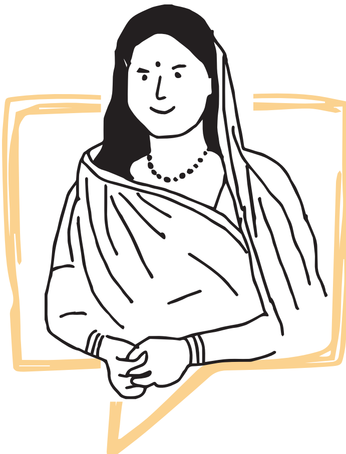
We are an agile organization, ready to take all the uncertainties posed by the pandemic and the geopolitical scenario. Our extensive physical reach pan India, stronger-than-ever digital capabilities, comfortable liquidity position, co-lending arrangements and improved productivity are expected to majorly boost us during our growth cycle in the following years. At IIFL Home Finance, our core values will continue to guide our way forward with a customer-centric approach and an aim to make affordable housing a reality in India. At IIFL Home Finance our sustainable strategy is governed by the idea of 'Complete Profitability – An ESG Initiative'. It is the DNA and the reflection of the impact made through inititaives which we drive towards four pillars of our success: Employees, Organization, Society and Environment. With our prior experience, we have stood our ground and taken challenges head-on. Going ahead, we would be investing in expanding our branches, digital capabilities and talent pool to explore the vast opportunities in the Indian housing industry while being socially and environmentally responsible.

I take this opportunity to thank our stakeholders, my colleagues on the Board, our customers, and our regulators for their continued trust and support. Your faith in us has helped us develop a powerful organization, and we promise to always place your best interests above everything. We are determined to work our way through the current scenario, and our future is bright and promising.

With regards,

Monu Ratra
Chief Executive Officer (CEO)

Customer Testimonials that Speak of Our Solid Foundation



- Name: **Neeraj Tripathi**
- Location: Indore
- Occupation: Medical Professional
- Loan Type: Home Loan
- Loan Amount: ₹ 17.16 lakh
- Credit Linked Subsidy (under PMAY): ₹ 267,280

'Neeraj, a nurse by profession, lived with his family in a rented flat and struggled in coping with the poor hygiene of the neighborhood. He heard of IIFL HFL's 25 minutes Jhatpat Home Loan and decided to buy his first home for himself and his family in a locality of their choice. IIFL Home Finance not only assisted him in availing quick home loan, but also helped in assisting him apply and further avail the credit linked subsidy under Pradhan Mantri Awas Yojana.'

- Name: **Taduka Venu Kumar**
- Location: Hyderabad
- Occupation: Account Officer
- Loan Type: Home Loan
- Loan Amount: ₹ 10.03 lakh
- Credit Linked Subsidy (under PMAY): ₹ 267,280

'Adjusting to staying in a small home space for over four years, and with lack of basic facilities, Venu and his family always dreamt of buying their first home. In 2016, Taduka approached several banks for a home loan but got tired of the lengthy documentation process and lack of support. He searched online and reached out to IIFL Home Finance for his loan. In addition to his home loan, IIFL also facilitated in him availing Government subsidy on his home loan, which further helped in the betterment of his home and contributed towards his children's education.'

- Name: **Radhe Shyam Sharma**
- Location: Delhi
- Occupation: Driver
- Loan Type: Home Loan
- Loan Amount: ₹ 6.28 lakh
- Credit Linked Subsidy (under PMAY): ₹ 132,184

'Radhe Shyam and his wife always dreamt of living in their own home with their children. The dream became a necessity when they started struggling with the water supply and limited space in the rented accommodation. Discouraged with the process of availing a home loan from banks, they reached out to IIFL Home Finance, where they received the loan approval in just 25 minutes, and with minimum documentation. They were also able to save for the future by availing the credit linked subsidy under Pradhan Mantri Awas Yojana.'

Customer Name: **Devendrachari** Location: Davangere

Occupation: Driver Loan Type: Home Loan

Loan Amount: ₹ 9.1 lakh Credit Linked Subsidy (under PMAY): ₹ 132,184

Devendrachari worked relentlessly, to make his dream of owning a home a possibility, along with his wife, who supported him with her small tailoring business. A friend noticed their struggle to make ends meet for their dream and asked them to get in touch with IIFL Home Finance. Soon, they got approval for their home loan and were also facilitated with the credit linked subsidy under Pradhan Mantri Awas Yojana.

Customer Name: **Manjit Singh** Location: Barnala

Occupation: Grocer (Shop owner) Loan Type: Secured Business Loan (LAP)

Loan Amount: ₹ 5.19 lakh

Manjeet lost his job during the pandemic. While he tried many things but nothing worked in his favour financially. In an attempt to get his financial health and income in place, he went to various banks for a loan. He was disheartened with tideous loan approval process and documentation, but reached out to IIFL Home Finance Secured Business Loan. IIFL Home Finance not only helped him start his grocery store but also got his life and finances back on track.

Customer Name: **Nirmal Singh** Location: Rampura Phul

Occupation: Milk Dairy Business Loan Type: Secured Business Loan (LAP)

Loan Amount: ₹ 2.05 lakh

A single earning member of the family, Nirmal collects milk from the milch farmers and transports it to dairy company on his bicycle. Nirmal wanted to expand the operation of his small business. IIFL Home Finance not only understood his requirement, but also facilitated him with a loan of only ₹ 2 lakh.

Customer Name: **Amrik Singh** Location: Faridkot

Occupation: Rice Mill Employee Loan Type: Secured Business Loan (LAP)

Loan Amount: ₹ 5.25 lakh

Amrik Singh, with his meagre salary, wanted to get his daughter married in a certain way his daughter always desired. With his documentation and the need of the loan amount, it became difficult for him to get any loan from the various banks he visited. IIFL Home Finance, as always, not only understood the urgency of the matter, but also met his need of the small loan amount of ₹ 5.25 lakh.

Solid Milestones Through the Years

2006
Incorporated

2009
Received registration certificate from National Housing Bank

2014
Focus on affordable home loans
12 Branches

2015
- Aligned with 'Housing for All' & Credit Linked Subsidy Shceme (PMAY)
- Conceived digital journey
- ₹13+ million CLSS subsidy disbursed
- 60+ CLSS beneficiaries

2016
- Enabled digital onbaording via Jhatpat App
- ₹ 160 billion refinance received from NHB
- 14,000+ Customers
- 59 Branches

2017
- Conceived the idea of 'Green Affordable Housing' & launched Kutumb
- Identified among top 3 PLI's by NHB for facilitating subsidy under PMAY (U)
- ₹ 8 billion cumulative finances with second refinance received from NHB
- 27,500+ Customers
- 79 Branches

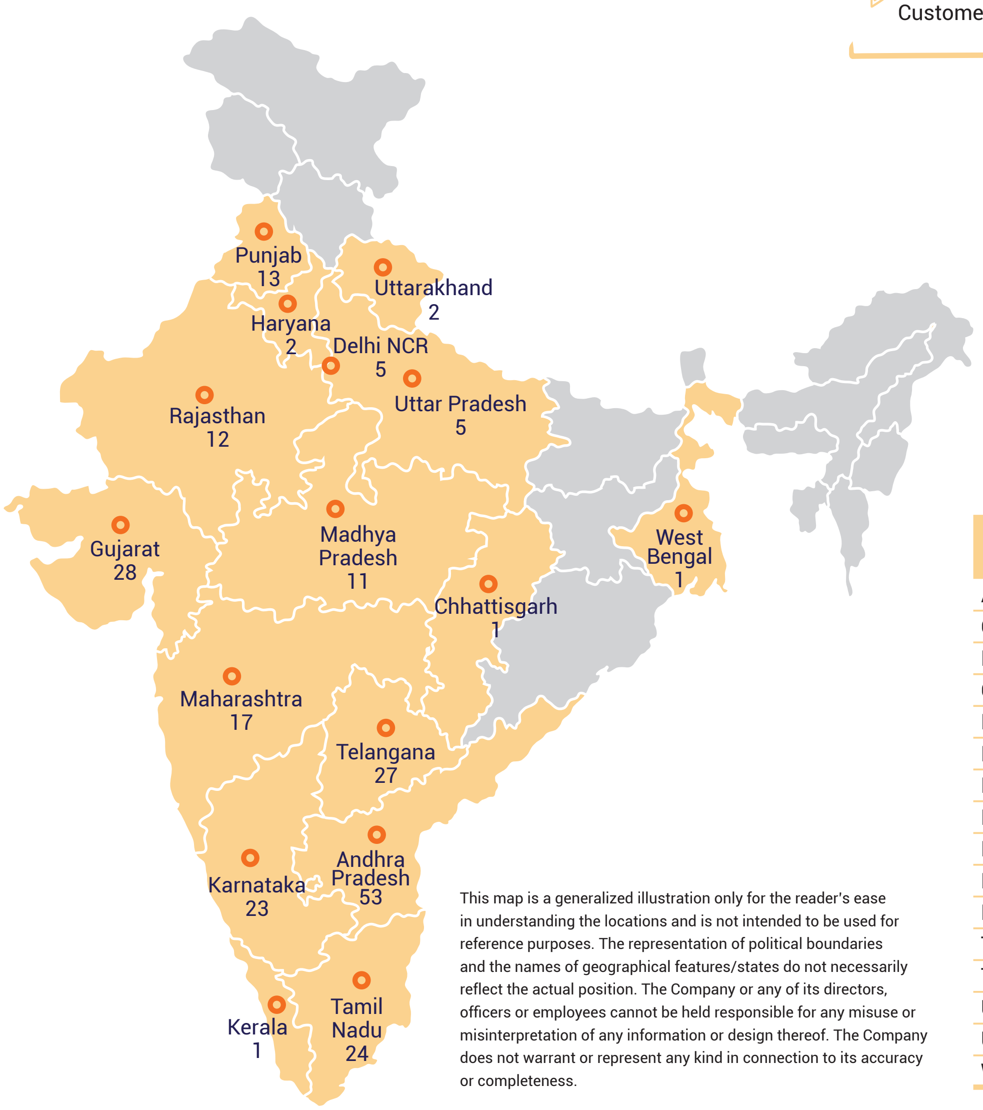
2018
- 2nd Best Performing PLI under CLSS for EWS/LIG, by MoHUA
- ₹ 10 billion refinance from NHB, cumulative refinance of ₹ 18 billion
- 50,000+ Customers
- 127 Branches

2019
- Expansion into tier 2 & 3 geographies
- ₹ 7 billion refinance from NHB leading to cumulative refinance of ₹ 25 billion
- 84,800+ Customers

2020
- 1,24,000+ Customers
- 127 Branches

2021
- 167,000+ Customers
- 125 Branches
- 118,000+ Loan to first time home buyers
- Collaborated with Asian Development Bank (ADB) through a Technical Assistance (TA) programme of US$ 10 million and a loan of US$ 58 million
- Launched our 1st Green Sustainable Handbook
- Enabled green pre-certified homes to 15,107 families through our Green Value Partners

2022
- 220,000+ Customers
- 225 Branches
- 9 Chapters of 'Kutumb' conducted (Ahmedabad, Indore, Pune, Bangalore, Hyderabad, Delhi, Gujarat, AP & Telangana)
- 2,075 Participants
- 1,570 Developers
- 61 Experts
- Certified 'Great Place to Work' 4th year in a row



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

States	AUM Mix (₹ million)
Andhra Pradesh	9,558.88
Chattisgarh	2,854.64
Delhi NCR	37,545.64
Gujarat	22,838.98
Haryana	10,287.08
Karnataka	14,942.35
Kerala	94.99
Madhya Pradesh	16,449.25
Maharashtra	48,513.47
Punjab	9,857.27
Rajasthan	11,253.15
Tamil Nadu	6,792.26
Telangana	14,968.53
Uttar Pradesh	25,038.82
Uttarakhand	1,305.79
West Bengal	3,872.63

Reach

- **55,700+** PMAY(U) Subsidy through IIFL Home Loan
- **₹ 13+ billion** CLSS subsidy facilitated
- **151,000+** First Time Home Buyers
- **129,940+** Affordable Housing Units Funded
- **97,700+** Loans Disbursed to Women Owners/Co-owners

We are now
Great Place To Work®
Certified
FEB 2022 - FEB 2023
INDIA

Financial Highlights

- **₹ 236.17 billion** AUM
- **₹ 22,214 million** Revenue
- **₹ 5,780 million** Profit After Tax

Awards & Recognitions

Our Jhatpat initiative was recognized for 'Implementation of technology by/for a Financial Sector Enterprise' at #inntech2021

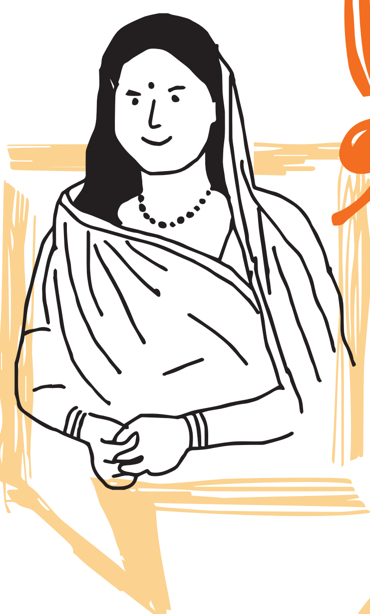
Received the Jury Special Mention Award at Sustainability 4.0 Awards 2021

Recognized as 'The Financial Inclusion Initiative of the Year' at Business Leader of the Year Awards

Conferred as the 'Green Brand of the Year' at Olive Crown Awards 2021

'Kutumb' initiative recognized as the 'Sustainability Awards Winner, 2021'

Customer Testimonial Quotes



IIFL Home Finance not only helped him start his grocery store but also got his life and finances back on track.

Manjeet Singh

IIFL Home Finance not only assisted him in availing quick home loan, but also helped in assisting him apply and further avail the credit linked subsidy under Pradhan Mantri Awas Yojana.

Neeraj Tripathi

Solid Value Creation Model

Inputs

Financial Capital
- Total equity: ₹ 26,807.04 million
- Total debt: ₹ 142,206.06 million

Physical Capital
- Total branches: 225
- States: 16
- Touchpoints: 3,000+

Digital Capital
- Customer-centric digital platform
- Digital onboarding for home loan: 99%
- Technology-based credit underwriting
- Robust collection and digital reconciliation

Intellectual Capital
Co-lending arrangements with banks
- State Bank of India
- Union Bank
- Central Bank
- Standard Chartered Bank
- Punjab National Bank
- ICICI Bank

Human Capital
- Total employees: 2,627
- Total trained employees: 90%
- Average age: 33 years
- E-learning platforms: Moneyversity, Zoom, Google Hangouts
- Policies on Employee Health and Safety, Human Rights, Diversity and Inclusion, etc.
- Employee wellness platform: Amber, Yourdost
- Comprehensive Covid Policy safeguarding employees physical, mental and financial wellbeing
- One-on-One Performance coaching for leadership team
- Training of our field employees on road safety

Social and Relationship Capital
- Aligned with the Government's 'Housing for All' mission
- CSR spend: ₹ 75.38# million
- Initiatives for financial literacy, women empowerment
- SEBI, RBI and NHB regulations followed

Natural Capital
- Supporting green certified projects
- Encouraging household behaviour shift toward green building
- Kutumb – a green building initiative
- Regional Kutumb webinars organized: 6
- Awas Par Samvad webinars conducted: 4
- Green Value Partner (GVP) - a process from conception to certification of green building
- Seeds planted: 711

Business Model

Our Values
Fairness | Integrity | Transparency

Our Products
Home Loans | Secured Business Loans | Affordable Housing Project Loans

Our Strengths
Extensive Physical Reach | Customer-centric Approach | Customized Products | Stringent Credit Underwriting | Digitalized Processing | Increasing Productivity

Our Focus Areas
- Enabling financial inclusion
- Affordable housing segment (EWS & LIG)
- First-time home buyers
- Women borrowers/co borrowers
- Customer centric approach through process automation
- Green buildings and sustainable projects

Outputs

Financial Capital
- Revenue: ₹ 22,214 million
- Profit after tax (PAT): ₹ 5,780 million
- Return on equity (ROE): 24.3%
- Return on assets (ROA): 3.5%
- Assets under management: ₹ 236.17 billion

Physical Capital
- Loans accessible to informal income segment: 54,000+
- Customers reached: 220,000
- Shakthi launched at over 216 locations across country, already helping more than 4,600 micro businesses with the disbursement of ₹ 2,190 million so far

Digital Capital
- Time taken for online loan sanctioning: 25 Minutes*
- Digital disbursements: 100%
- Launched website iiflhomeloans.com
- Approximately 75% customer service tickets handled by the automated Do-It-Yourself (DIY) tech-enabled solutions

Intellectual Capital
- Loan disbursed under co-lending arrangements: ₹ 17.5+ billion

Human Capital
- Motivated and ambitious workforce
- Regular employee connect programmes
- Employee wellness tie-ups:
  - CultFit
  - HealthifyMe
- 'Great Place to Work 2020-21' awarded 4th time in a row
- All employees vaccinated

Social and Relationship Capital
- Loans to first-time home buyers: 151,000+
- Loans to women borrowers/co-borrowers: 97,700+
- Customers benefited under CLSS: 55,700+
- Subsidies facilitated under CLSS: ₹ 13+ billion
- BLC recipients funded: 645
- Amount disbursed under BLC: ₹ 120.9 million
- Lives impacted through CSR initiatives: 10527+

Pankh
- Schools supported: 5
- Children supported to attend formal education: 116
- Women supported under financial literacy initiative: 139
- Workshop for male labourers: 839

Disha
- Total activations: 9
- Women participants: 160+
- Saplings planted: 710+
- Community members influenced: 805

Natural Capital
- Families motivated to adopt a sustainable lifestyle
- Regional 'Kutumb' webinar participants: 113+
- APS webinar participants: 400+
- Participated in SUNREF promotional event
- Green units funded: 12,633**

Kutumb
- Participants: 2,075
- Experts: 61

GVP
- Certified projects: 23
- Units under management: 28,100**
- Developers sensitized about green certified building

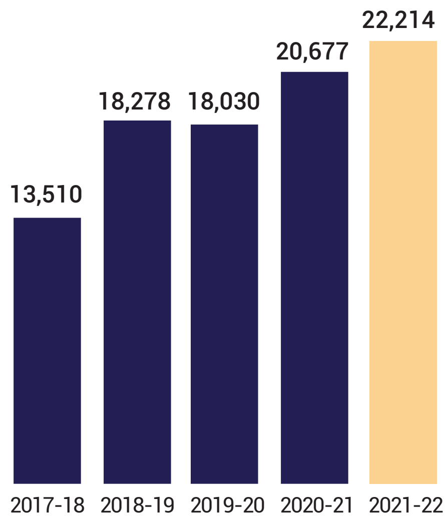
- Energy savings: 12,467* MWH/year
- Water savings: 720** ML/year
- GHG emissions offset: 11,469** TCO2e/year
- Paper saved: 21,40,620 sheets

** Time and number of days mentioned may vary under different scenarios*
All numbers are for FY 2021-22 unless mentioned otherwise
*** As of 31st March 2022*
#Total amount of CSR spends for FY21-22, from the commited amount

Financial Performance that is Solid, Smart and Sustainable

Revenue

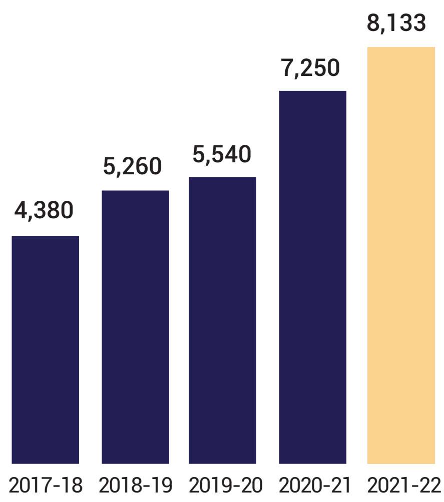
(₹ in million)



The total revenue increased by 7%, during 2021-22 compared to the previous year.

Net Interest Income (NII)

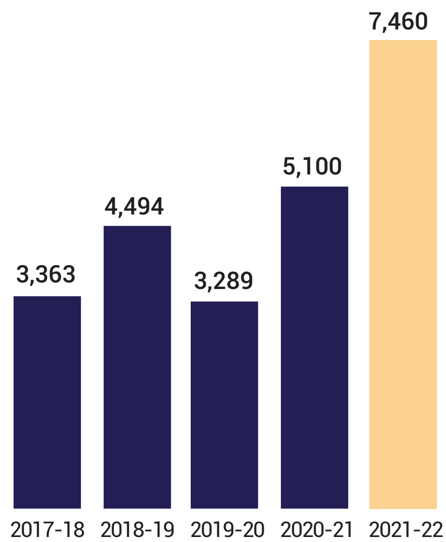
(₹ in million)



During 2021-22, total NII increased by 12% on account of reduction in cost of funds to 8%from 8.5% in 2020-21.

Profit Before Tax (PBT)

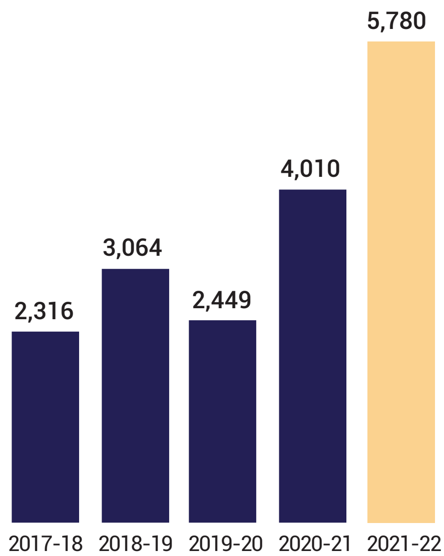
(₹ in million)



During 2021-22, PBT increased by 46% due to better realization of margins i.e., NII, higher disbursals and lower credit costs.

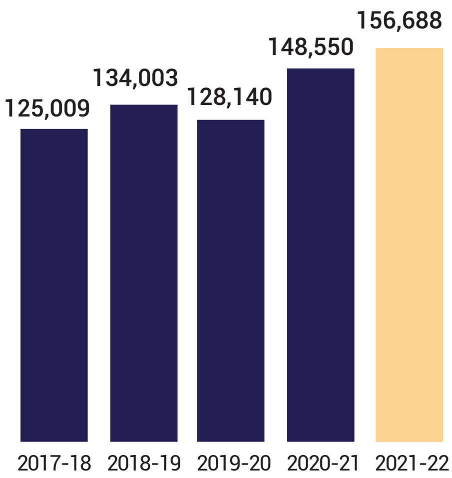
Profit After Tax (PAT)

(₹ in million)



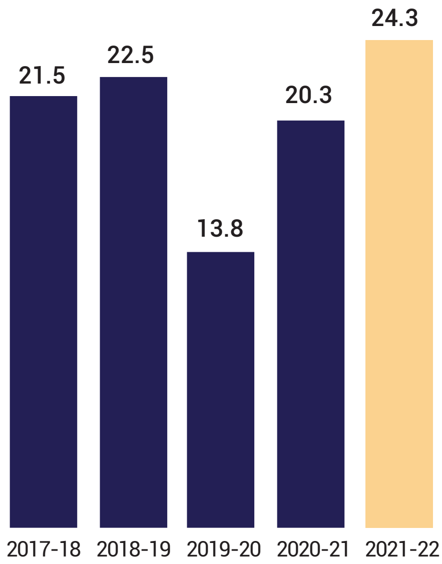
The effective tax rate for the Company during 2021-22 stood at ~22.5.

Loan Book
(₹ in million)



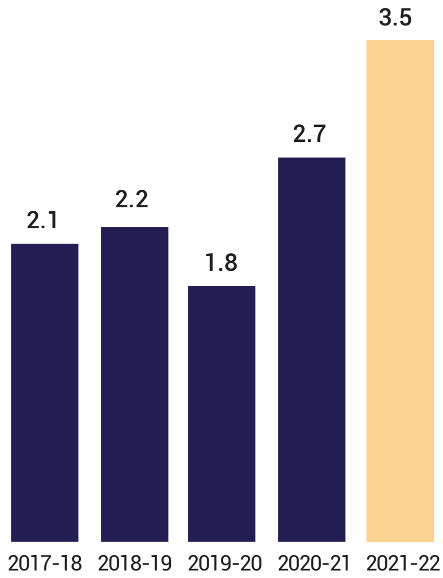
The Loan book increased by 5% vis-à-vis 14% increase in the AUM in 2021-22, over the previous year. This commensurate with theCompany's practice of selling down the loan assets to Banks/FIs.

Return on Equity (ROE)
(%)



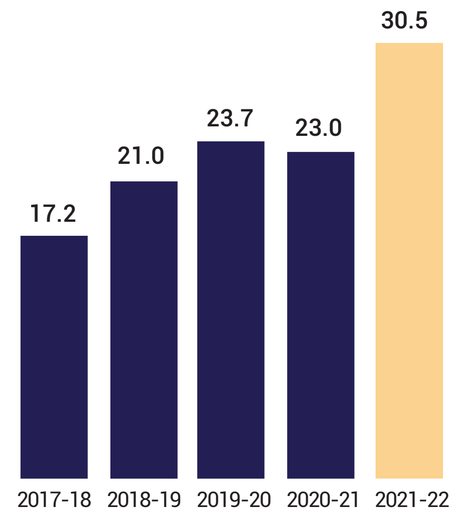
The ROE of the Company stood at 24.3% in 2021-22. The increase on a YoY basis could be attributed to better realization of margins i.e., NII, higher disbursals and lower credit costs.

Return on Average Assets (ROAA) (%)



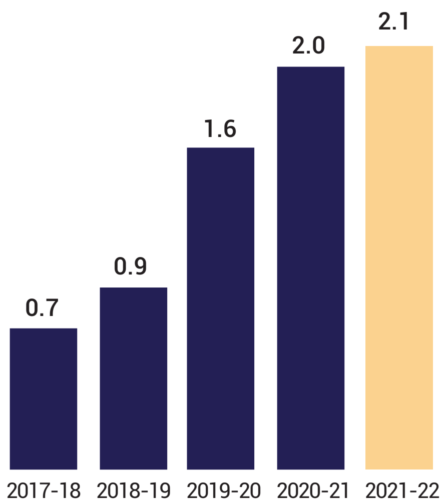
During 2021-22, the ROAA of the Company stood at 3.5%. ROAA has increased on a YoY basis due to better realization of margins i.e., NII, higher disbursals and lower credit costs.

Capital Adequacy Ratio (Tier I) (CAR Tier-1) (%)



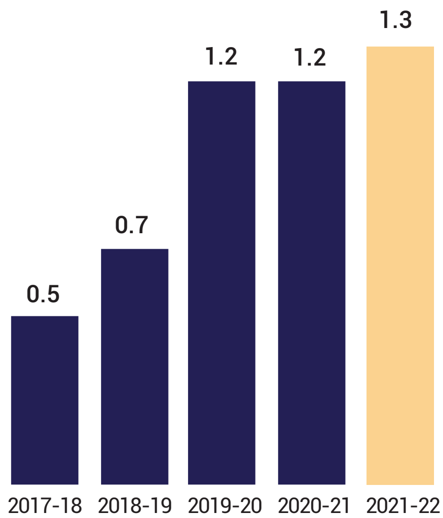
As on March 31, 22 the CAR Tier-1 increased to 30.5% from 23.0% at the end of the previous fiscal, driven by higher profitability and issue of sub-debt during the year.

Gross Stage 3 Assets
(%)



The Company has maintained stable asset quality despite of COVID-19 concerns.

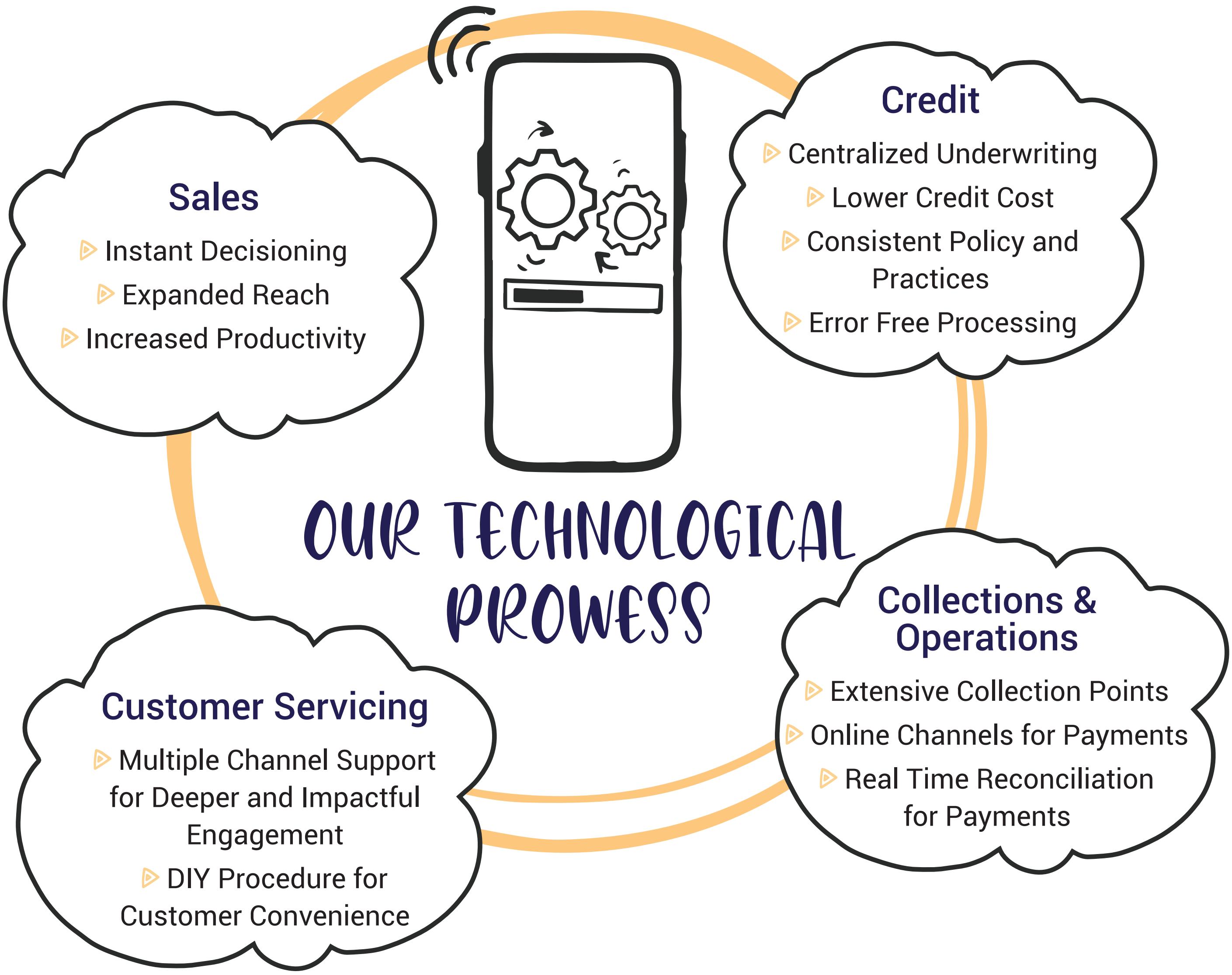
Net Stage 3 Assets
(%)



The Company maintains adequate provision coverage ratio on the Gross Stage 3 assets.

Digital Technology Enhancing Productivity

The general sense is that availing a home loan is a cumbersome process. With time, technology has evolved the Housing Finance space immensely. With deeper internet penetration across the country, it has become easier for corporates to reach and interact with customers online. At IIFL Home Finance, we have embraced technology to create a seamless platform for our customers and integrated technology across all facets of our businesses.



Our Technological Prowess Encompassing Our Digital Reach and Capabilities

Jhatpat Loan

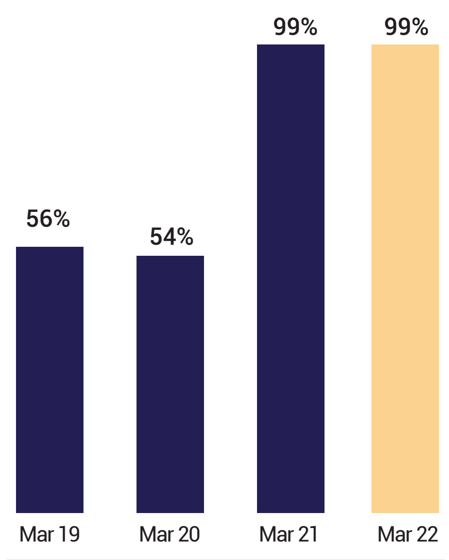
Our Home loans can now be disbursed within **24 hours.** The turnaround time has also been brought down for our non-Home loans to just **two days**. The process of collating data, powered by fintech integration, takes only **25 minutes**. It allows users to fill up fewer fields and yet provides our underwriting team with digitally-verified data.

- Introduced Loan Against Property (LAP) under our initiative Jhatpat, bringing the advantage for Business Rule Managers (BRM) for LAP cases
- Expected to decommission the manual archaic loan origination system
- Also assigned approved leads directly to customers
- Thereby, removing the cost of the lead call center and reducing the hassle of call center calls to the customer

Digital Customer Onboarding and Disbursal

We rank amongst the top HFCs in the digital disbursement of home loans and secured business loans. During the year, we continued focusing on digitization and analytics. This helped us improve customer experience and enable a convenient one-stop-shop for customers' loan requirements. We shifted to almost 99% digital onboarding and achieved 100% disbursal in 2021-22 through our digital platform.

Digital Customer Onboarding Journey



Corporate Overview
Statutory Reports
Financial Statements

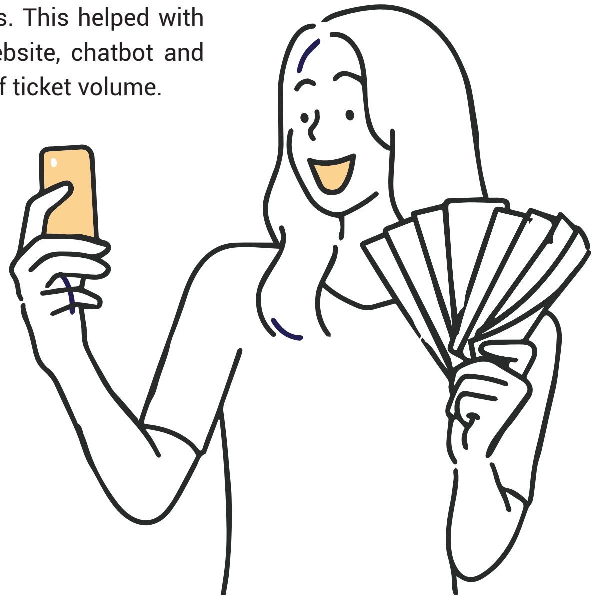
Seamless Customer Experience

We continued strengthening the customer service experience through our endeavors. We established Customer Service Category-based automation of workflows. This helped with resolutions of tickets across channels like mobile app, web portal, website, chatbot and WhatsApp with DIY process for categories covering approximately 75% of ticket volume.

75%* Customer Service Tickets

Handled by the automated Do-It-Yourself (DIY) tech-enabled solutions

*approximately



Enhanced Collection Efficiency

To further the digitization of omni channel collection process - we have automated IVRs, digital notices on WhatsApp and launched vernacular communications for better customer engagement. We have also launched a dedicated portal for the listing of auction properties as a first step to create online marketplace for interested customers.

New Digital Initiatives

Hyper Local Web Pages

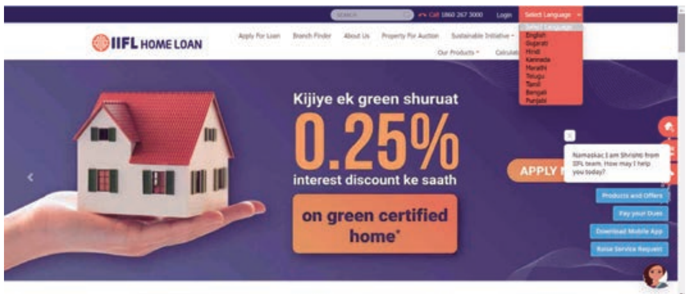
All IIFL Home Finance branches are listed on Google My Business (GMB). These local pages allow us to engage with customers. A customer can reach any local branch (identified basis his/her search location), apply for a loan, or raise a complaint or service-related request.

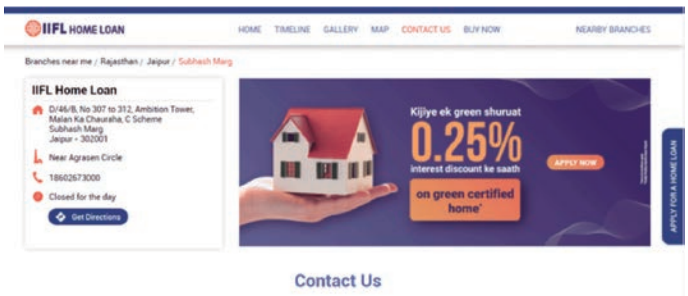
New Analytics-enabled Website

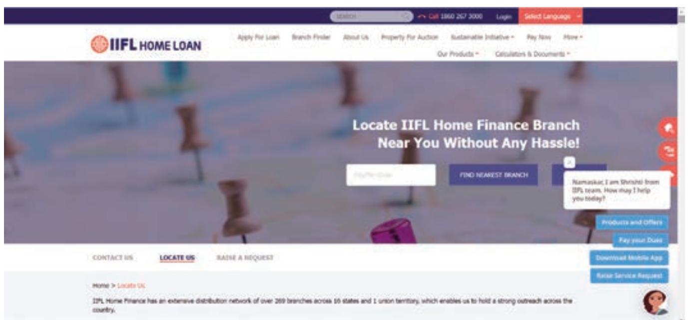
During the year, we launched a dedicated website for the potential and existing IIFL Home Finance customers –www.iiflhomeloans.com. The website has been custom-made in six regional languages for the ease of customers. The portal is also enabled with Analytics on website visitors and their needs and behaviours.

Understanding Customer Sentiments Using Technology

By implementing Brand Watch – a social media-listening tool –we can listen to our customers' and target audiences' sentiments. These sentiments and audience demographics help us monitor the brand image and build custom communication campaigns through our social media handles.







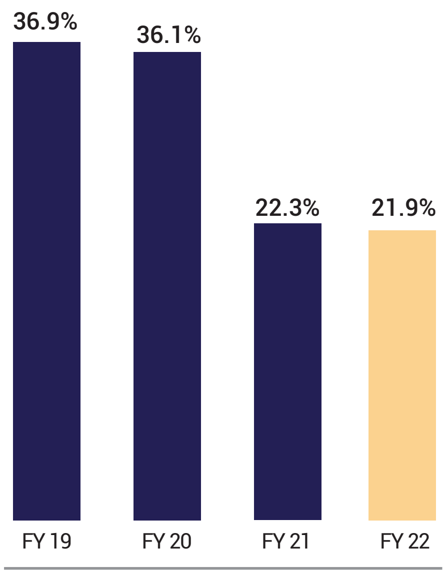
Best-in-class Technology and Digital Solutions

We have simplified our processes with best-in-class technology and digital platforms across all the facets of our business. We have always aimed to improve efficiency, operational consistency, and cost-effectiveness, thereby laying a solid platform for future growth. We've created effective solutions that provide our consumers with a consistent experience at every stage, from application to online payment.

Our emphasis on technology has resulted in

- Faster turnaround times
- Reduced process duplication
- Increased productivity
- Reduced overall cost-to-income ratio

Cost to Income



In terms of profitability, with the digitally verified data, we have brought down the cost per file by **11%**, and our cost to income has come down to **21.9%**.

Aligned with our vision of sustainability, our new digital initiatives have helped us save **21,40,620** sheets of paper

Data Security and Customer Privacy

Data security and customer privacy are considered among the most material topics and hold a top priority for us and our stakeholders. As digital solutions continue to expand and integrate into our daily lives, we see increasing concerns related to privacy and security breaches. We have built an integrated tech-empowered organization that is well-placed to face this changing technology landscape.

In line with this, our customers are regularly sensitized towards data privacy standards maintained within the organization, e.g., we inform our customers that their private data is primarily under our control, and we store all data within the reputable and verified data centers and cloud services.

Apart from this, we seek consent before using customer information and ensure the following measures to safeguard their data:

- Data Centre Perimeter and Cloud Services are secured with a firewall from the internet
- End-point security controls implemented such as Next-Generation Endpoint Antivirus, USB Access and Admin Access on desktops and laptops are controlled
- Security patching is conducted regularly for servers
- Regular security awareness is carried out through mailers, Learning Management System (LMS) and classroom training & periodic email phishing simulation exercise is conducted
- VAPT assessments are conductedregularly
- Cyber insurance cover is taken to protect the organization from financial loss in case of a cyber-attack or data breach
- Periodic IT and security audits are conducted by internal & external auditors
- Public-facing web applications are protected by the Web Application Firewall
- Privileged Access is controlled via Privileged Identity Management (PIM)
- User Access review is conducted at least on a half-yearly basis
- Brand Protection & Dark Web Monitoring Services regularly undertaken to protect the brand and information
- Secure VPN Solution is implemented for remote access

In the event of a potential breach, we follow a robust process to ensure an effective response, which includes:

- Customer Service forwards the complaint received. The incident management team and the concerned department look into it
- Cyber security emergency response team manages the incidents of breach of customer privacy
- The complaint is addressed within 15 minutes to ensure immediate or earliest resolution

We emphasize on having the right technology, systems, policies, processes and talent in place to mitigate the risks arising from cyber security. We are ISO 27001:2013 certified, which testifies for the good practices being followed for managing Information Security. The Chief Information Security Officer is responsible for Information Security and Business Security Management Framework at IIFL Home Finance.

Besides, our Incident Management plan is well documented and undergoes regular internal and external audits. It covers customer data breaches, ransomware and hacking, intrusion into our network, virus attack and malware attack.

0 complaints

No complaints concerning breaches of customer privacy from outside parties and regulatory bodies, received to date.

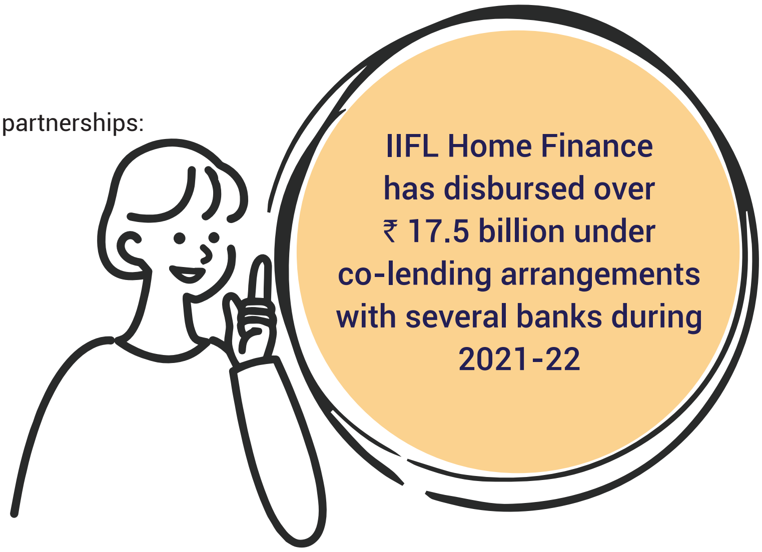
In 2021-22, **none of our loan customers were affected** or raised any concerns regrading his/her data or personal details breach.

India's Smart Future of Financing – Co-lending

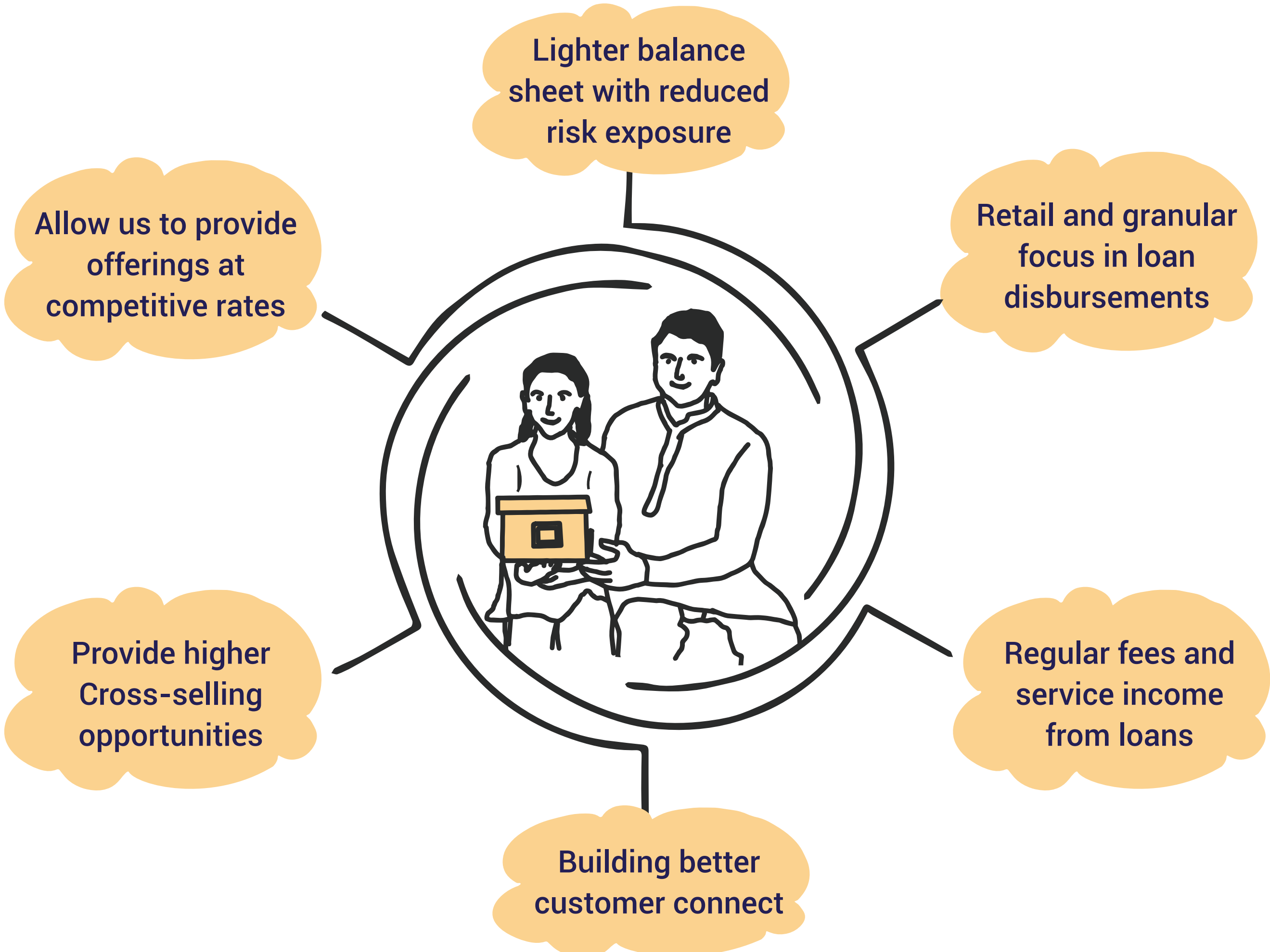
Our Co-lending Partnerships

We have tied-up with the several banks for our co-lending partnerships:

- State Bank of India
- Union Bank
- Central Bank
- Standard Chartered Bank
- Punjab National Bank
- ICICI Bank



Through co-lending, we intend to enhance our position in the affordable housing market further. With this association, we target to align our goals with the Government's agenda of improving the flow of credit for home loans to the marginalized sections of the society at an affordable interest rates. The arrangement would also benefit us through:



Applying Data Analytics

Our customers and business are at the center of everything we do. IIFL Home Finance's data and technology backup ensures simple, fast and trusted solutions. Our scale and data analytics provide distinct advantages in our business efficiency as we utilize data gathered from our operations, applications and ongoing client relationships to optimize our product offerings, and maximize the lifetime value of our loan customers.

Risk Management

The Vintage Static Pool Analysis has been used across multiple sub-segments of our customer base to create Predicted Delinquency (PD) and Loss Given Default (LGD) cohorts. This improves the assessment of credit risk from collections, also known as Expected Credit Loss (ECL) and recovery perspective. The sub-segments become more consistent and malleable.

Customer Success

Customer feedback amalgamated with market trends helps us streamline our processes towards improving customer experience. Internal Rating Models help us optimize up-sell and/or cross-sell opportunities for our best customers.

3 Cs of Credit

They enable us to efficiently scale during market expansion, grow into new market segments and channels.

A two-tiered Credit Underwriting Model helps us assess **'Character'** (honesty/ reliability) to repay debt

Technical Valuation Model helps us identify acceptable boundaries for Market Rate to Circle Rate, which helps us assess **'Capital'**

Multiple Smaller Income Estimation Model helps us assess the **'Capacity'** of the individual

IIFL Home Finance - Aligned to Government Initiatives

Pradhan Mantri Awas Yojana (Urban)- Government Initiative Driving Affordable Housing in India

PMAY(U), under the Government's 'Housing for All' programme, was launched in 2014 to provide a house, with basic amenities, to all homeless households and households living in kutcha and dilapidated houses. At IIFL Home Finance, we work with the Central/State Governments and Housing Authorities to reach the country's remotest areas, making home loans reasonable and easily accessible. Captured below are some of our initiatives and tie-ups:

- Empanelled with the Rajiv Gandhi Rural Housing Corporation Limited, Karnataka state-level Nodal Agency for the PMAY(U) programme to issue home loans to beneficiaries of Affordable Housing in Partnership (AHP) projects across the state
- Received assistance from the state governments of Andhra Pradesh, Haryana, Madhya Pradesh, Rajasthan, Gujarat, Tamil Nadu, and Uttarakhand in carrying out the Government's aim of 'Housing for All' by supplying us with data on PMAY(U) beneficiaries as well as other information/documents
- Among the leading housing finance companies appointed by the Corporations and Urban Local Bodies (ULBs) to support the mission of 'Housing for All'
- Bestowed with a certificate of appreciation from Nagpur Metropolitan Region Development Authority (NMRDA) for making maximum loan cases disbursed under PMAY(U)
- Received a letter of appreciation from Slum Rehabilitation and Redevelopment Department, Pimpri Chinchwad Municipal Corporation, for financing the maximum housing loans disbursed under PMAY(U)

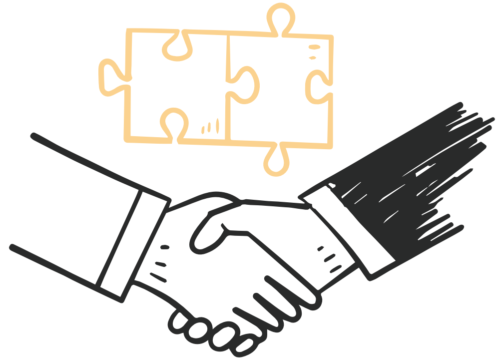
Our Collaborations under PMAY(U) Beneficiary Led Construction (BLC)

- Enlisted by the Punjab State Urban Livelihood Mission (PSULM) to fund the PMAY(U) BLC recipients
- Honoured by the Hon'ble Minister of Housing and the Hon'ble Chairman of the Andhra Pradesh Legislative Council for making a difference in home financing by disbursing loans to BLC component beneficiaries under the state's PMAY(U) mission. We are also the only HFC to have agreed to fund a portion of the large BLC component under the State's Navratanalu Pedalandariki Illu Scheme, which is expected to build about 30 lakh dwellings over the next four years
- Collaborated with the Tamil Nadu Urban Habitat Development Board, the official state level nodal agency for PMAY(U) in Tamil Nadu, on various AHP projects aimed at funding the final consumer, with a concentration on the EWS and LIG categories. We also undertook loan financing for the BLC component and disbursed numerous cases in order to establish an overall balance and significant impact on Tamil Nadu's PMAY(U) programme

645*
BLC Units Funded by IIFL Home Finance

₹ 120.9+ million*
Disbursed Amount

*Since inception



Credit Linked Subsidy Scheme, PMAY (U)

- Assisted over 55,700 households under the Credit Linked Subsidy Scheme (CLSS). Thereby, making us one of the leading Financial Institutions contributing to PMAY(U) scheme. Since the scheme's inception in June 2015, the Company has facilitated over ₹ 13 billion in subsidies to families.'

55,700+
Families benefited under CLSS

₹ 13+ billion
Disbursed in Subsidies

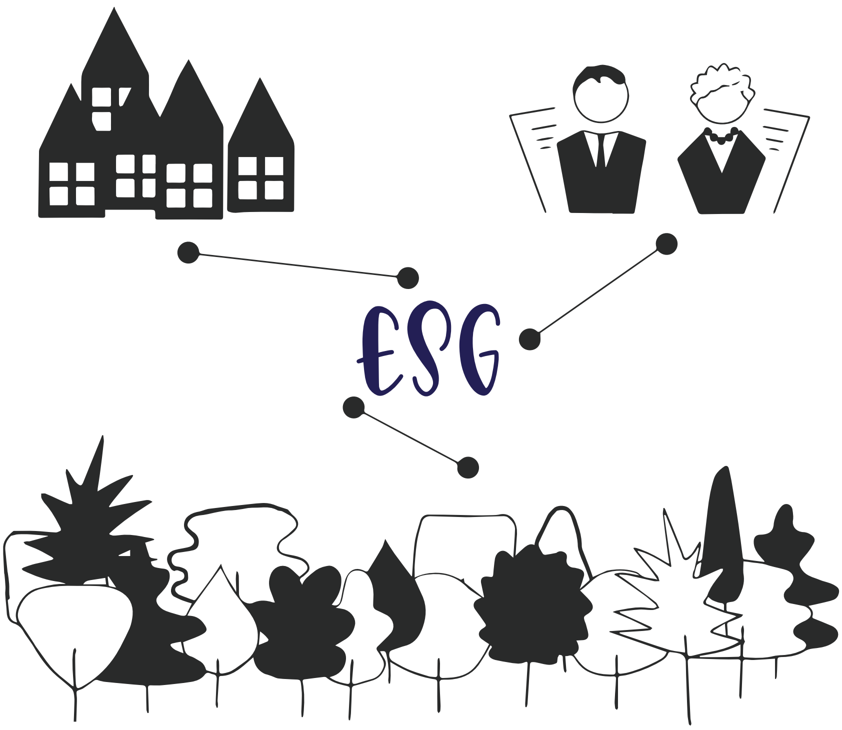
Other Collaborations

- One of the preferred lenders to the Delhi Development Authority, a department of the Central Government

Environment, Social, Governance (ESG)

Complete Profitability

Sustainability is a business imperative for resilience, thereby paving a path for shared and inclusive growth. At IIFL Home Finance, our sustainability strategy is governed by the idea of 'Complete Profitability – An ESG Initiative'. Complete Profitability is our ESG DNA which is a reflection of the impact made through various initiatives that the Company drives towards the enrichment and growth of its four pillars of success, i.e. Employees, Organization, Society, and Environment. Our motto is to achieve 'Complete Profitability' across all four aforementioned pillars, allowing us to catalyse growth and create operational efficiency.



Employees

- Learning and development
- Gender diversity
- Right values
- Health & safety
- Human rights

Organisation

- Financial, ethical and sustainable growth
- Constant innovation

Environment

- Environmental and health impact
- Sustainable development
- Responsible investment

Society

- Financial inclusion
- Financial literacy
- Women empowerment
- Housing for All

ESG Framework

Our integrated vision and focus on efficiency, management, and productivity through our 'Complete Profitability' model has laid the path of creating value by incorporating Environment, Social, and Governance (ESG) initiatives within our business ecosystem.

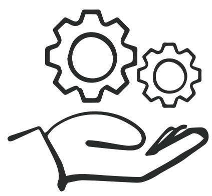
The ESG framework lays the foundation for integrating critical ESG aspects in our core business functions and operational boundary. The approach adopted under the model brings on board not only our employees and customers, but also the environment and the immediate ecosystem in which we operate. We also have systems are in place for mitigating risk and monitoring of ESG Performance periodically.

Environment Consideration

Our objective is to minimize our natural resource footprint and carbon emissions, to promote strategies that encourage these reductions, and help mitigate impacts of climate change. In support of this objective, we launched a Green Building Initiative 'Kutumb', to reduce the environmental footprint of our construction finance loan portfolio by focusing on promoting sustainable and energy-efficient real estate development.

Social Consideration and Employees

We are committed to conducting business in an affordable, accessible, and sustainable manner. Our products are designed around a philosophy that truly understands the borrower's ecosystem and caters to their needs. Our offerings under Secured SME Loans have been developed keeping in mind the socioeconomic backgrounds of our customers. We also continue to promote women empowerment, employee welfare, and occupational health and safety programs.

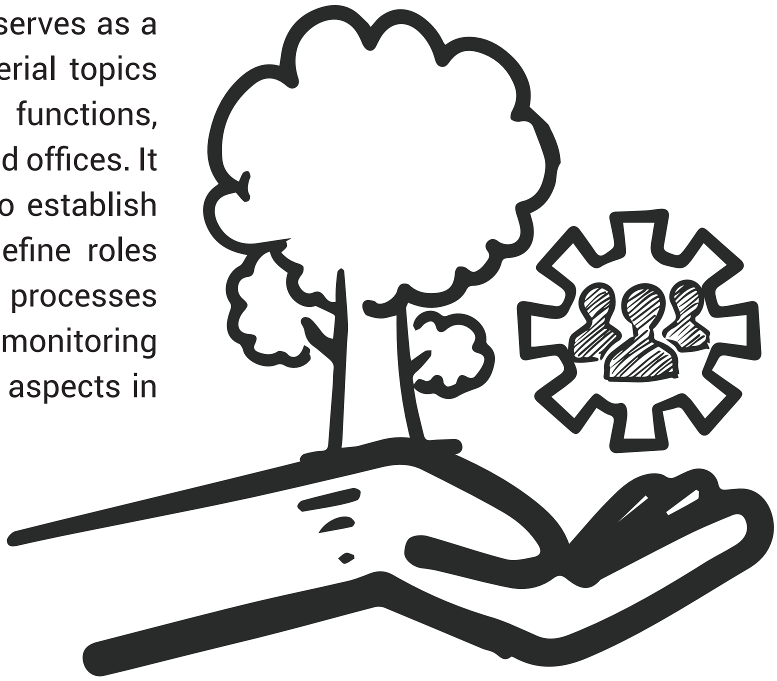


Governance

We have developed a sound and a robust governance structure, with clear roles and responsibilities that showcase adherence to business ethics through our detailed policies and procedures on anti-corruption, anti-bribery, data protection, and customer privacy norms amongst other policies. Not limiting us to compliance requirements, we aim to go beyond, by continuing to adapt to ever-evolving international ESG parameters and standards.

Glance at our ESG Policy

IIFL Home Finance's 'ESG Policy' serves as a guide for identification of its material topics across various internal business functions, product offerings, and branches and offices. It provides a systematic approach to establish a robust governance structure, define roles and responsibilities, systems and processes for management, measurement, monitoring and auditing of identified material aspects in a timely and transparent manner.



ESG Vision

To achieve business excellence through Social Responsibility, Digital Transformation, and Sustainable Lending Practices, thereby creating a lasting positive impact in environmental and social ecosystem

ESG Mission

- To go beyond profitability and to create long-term sustainable value for all stakeholders
- To adopt and scale up digital interventions for day-to-day operations so as to minimize environmental footprint and enhance our service outreach
- To balance economic growth and Return on Investments (ROI) with robust management of environmental, social, and governance risks across our business portfolio
- To adhere to leading lending practices which enable us to fulfil unmet needs of our business partners in a responsible and sustainable manner

Objective

- To set roadmap for integrating sustainability into all business operations and our product offerings resulting in conducting business in a responsible manner
- To establish strategy to communicate our sustainability performance to all stakeholders in a transparent and regular manner

Focus Areas of ESG Policy

- Environmental Policy
- Health and Safety Policy
- Corporate Social Responsibility (CSR)
- Customer Satisfaction
- Human Resource (HR) Management
  - a. Diversity and Inclusion (D&I) Policy
  - b. Learning and Development Policy
  - c. Human Rights Policy
- Prevention of Sexual Harassment and its redressal
- Anti-Bribery and Anti-Corruption Policy
- Information and Cyber Security
- Know-Your-Customer (KYC) and Anti-Money Laundering (AML)
- Grievance Redressal
- Whistle-blower Protection
- Business Continuity Management
- Business Code of Conduct
- Fair Practice Code
- Supplier Code of Conduct

Environmental Responsibility

Green Building Initiative

A ‘green’ building is a building that, in its design, construction or operation, reduces or eliminates negative impacts, and can create positive impacts, on our climate and natural environment. Green buildings preserve precious natural resources and improve our quality of life.

Asian Development Bank’s Technical Assistance Programme

The Asian Development Bank (ADB) and IIFL Home Finance, a private sector housing finance company with a strategic focus on affordable housing, have collaborated through a Technical Assistance (TA) programme to support the green building ecosystem in the affordable housing sector in India. ADB appointed consultants under each element of the TA for execution of the deliverables. The activities covered under the TA include:

CEPT UNIVERSITY   Gravity concepts

- Organizing knowledge events to facilitate the exchange of ideas, and increase awareness among various stakeholders regarding green affordable housing, the climate risk mitigation and climate risk adaptation benefits
- Undertaking research and innovation based initiatives across the entire value chain of climate resilient green housing
- Organizing training sessions for IIFL Home Finance's technical team, other captive departments, design consultants, staff of state housing boards, staff of state housing boards and housing developers on site risk assessment, climate adaptation measures and green certification process for climate resilient buildings

Kutumb

IIFL Home Finance has undertaken a number of first-in-kind industry initiatives to promote green affordable housing in the country, widely through its flagship knowledge platform Kutumb, which brings together all the stakeholders of the housing industry, such as the developer, policy makers, architects, academicians, green rating agencies and the financial institutes. With a vision of sustainable living for everyone, through Kutumb, IIFL Home Finance strives to promote sustainable and energy efficient real estate development in the affordable housing sector, and disseminate information on resources related to financing, technical know-how on green construction and certification, and compliance with environmental and social parameters. So far, IIFL Home Finance has organized 9 Kutumbs, three of which have been in collaboration with the Asian Development Bank. IIFL Home Finance's GVP team also hosted 6 local Kutumb platforms in the states of Rajasthan, Maharashtra, Andhra Pradesh, Telangana, New Delhi and Haryana.

9 Total Kutumbs	**2,075** Participants	**61** Experts
2 Kutumbs with ADB	**325** Participants	**18** Experts
6 Local Kutumbs		

Green Value Partners

In order to classify a building as a Green Building, audit and certification from recognized industry bodies is needed. However, the extensive process of obtaining a Green Building Certification has created an uncertainty among developers, specifically regarding the cost implications of these activities. IIFL Home Finance's 'Green Value Partner (GVP)' provide complete support on green building methodologies to developers by becoming the focal point between the project team and green certification agency, green building consultant and IIFL Home Finance team. They provide a no-cost consultation on green building methodologies and hand hold the project teams from 'Conception to Completion' in the development of sustainable affordable housing.

Green Value Partner Journey

STEP 1 — Initial Assessment

< 3 WORKING DAYS

GVP team assesses the current status of the sustainable measures being followed at the project in discussion. The outcome is shown in terms of the rating level achieved by the project as per the green rating guidelines of IGBC & GRIHA. Additional sustainability strategies/measures required to move the project towards a GOLD/4-star rating & above is shared with the developer

STEP 2 — Signing of MoU

< 4 WORKING DAYS

A project specific legally binding document; **MoU (Memorandum of Understanding)**, valid for two years, is signed between the project developer & IIFL GVP team

STEP 3 — Consultant Hiring

< 7 WORKING DAYS

A **green building consultant (GBC)** is hired for the project to further work on the green certification process

STEP 4 — Project Registration

< 15 WORKING DAYS

The project gets registered with the green building rating agencies such as IGBC, GRIHA or EDGE for certification.

GREEN VALUE PARTNER

CONCEPTION TO CERTIFICATION

To maintain quality of work and adequate payment terms, around 15 GBCs have been empanelled under Green Value Partner program

After steps 1-4 are completed, the project comes under management of the GVP team.

STEP 5 — Pre-certification

18-24 MONTHS

When the project construction stage comes near completion, the project starts the final certification process by documenting the implemented sustainable design and construction practices. By achieving the final certification, the project saves water and energy consumption that leads to an overall reduction in GHG emissions.

STEP 6 — Monitoring

IMPLEMENTATION STAGE

After getting the pre-certificating rating, the project is monitored by the green certification agency through periodic compliance reports prepared by the GBC, with assistance of the GVP team.

STEP 7 — Final certification

< 45 WORKING DAYS

The project team, with help of the GBC, applies for the pre-certification rating, declaring their intention to achieve a specific rating level by proposing to implement a sustainable design and construction strategies on site

Our Contributions

GVP Creation

GVP Project Impact		
Description	**2021-22**	**Cumulative till March 31, 2022**
Total Projects	21	48
MoU signed	18	43
Projects Under Management (PUM)*	9	36
Units Under Management	7,465	28,100
Pre-Certified Projects	10	23
1. IGBC Green Affordable Housing (Gold)	7	12
2. IGBC Green Affordable Housing (Platinum)	2	3
3. IGBC Green Homes (Gold)	0	5
4. IGBC Green Homes (Platinum)	1	2
5. GRIHA rating (V.2015 - 4 stars)	0	1
Certified Projects**	0	1
1. IGBC Green Homes (Gold)	0	1
Dropped Projects	22	22

Climate Impact from GVP

GVP Climate Impact		
Parameters	**2021-22**	**Cumulative till 2021-22**
Energy savings (MWh/annum)	5,592	12,467
GHG emissions offset (tCO_2e/annum)	5,144	11,469
Water savings (ML/annum)	323	720

Nomenclature:
Total projects are the sum of prospective projects, projects under management (PUM) & closed projects

Project Boundary:
MoU signed is the sum of prospective projects and projects under management (PUM) for which MoU is signed with developer. The following projects are excluded:
1. Kakade VTP
2. Yashozone Horizonte
3. Bricktown

* In FY 20-21, a PUM was defined as any project where an MoU got signed. In FY21-22, PUM was redefined as any project that fulfilled all the following conditions:
1. MoU is signed with developer
2. GBC is hired
3. Project gets registered for certification with IGBC/GRIHA/EDGE

Units Under Management are the total number of dwelling units for all the projects that are under management. The number of PUM units in one plotted project has not been included here

Pre-Certified Projects are the total number of projects that got IGBC / GRIHA / EDGE Pre-certification. Pre- certified projects are under monitoring and included in 'PUM'

**Certified Projects are the total number of projects that got IGBC or GRIHA Final certification. Certified projects are considered as 'closed' and not included in 'PUM'

Dropped Projects are the prospective projects which do not become PUMs and PUM projects that could not move forward pre-certification/certification.

DISHA

DISHA is a set of community engagement activities at select EWS/LIG housing societies with an objective of influencing the children and women of these households to adopt sustainable ways of living, contributing towards climate change, water and energy preservation and reducing footprints.

9 Total Activations

161 Women Participants

711 Saplings Planted

805 Community Members Influenced

Awas Par Samvaad

IIFL Home Finance organised a series of webinars, under the aegis of the Ministry of Housing and Urban Affairs' (MoHUA) initiative 'Awas Pe Samvaad' focusing on 'Role of Indigenous Housing Technologies in Transforming Indian Construction Sector Using Local Materials and Practices' and "Role of Indigenous Housing Technologies in Transforming Indian Construction Sector Using Local Materials and Practices.

The four webinars were held at three reputed architecture colleges and a renowned green rating agency of the country; IES College of Architecture (Mumbai), Sushant University (Gurugram), Chitkara School of Planning and Architecture (Patiala), and Indian Green Building Council (IGBC, Hyderabad), and were attended by **400** architectural and design student, professionals such as professors, architects, green building consultants, engineers, sustainability professionals, and urban practitioners.

4 Webinars Count

1 Green Rating Agency

400 Participants

3 Architectural Colleges Covered

Green Home Loans

IIFL Home Finance offers discounted home loan interest rate to the customers purchasing properties which are green certified by either IGBC or GRIHA. This discounted rate is based on certain checks which includes category of the Income group under which client is falling along with area of the property under consideration along with star rating given by IGBC /GRIHA.

Sustainability and Green Awareness Campaigns

In this era of digital communication, IIFL Home Finance uses its social media handles to communicate with the community, it's existing customers, developer fraternity and all other stakeholders at relevant moments and occasions to propagate and spread awareness of sustainable lifestyle, adopting green buildings, and similar subjects.

3,567,934 Impressions/Reach

23,468 Engagement

1,239,405 Impressions/Reach

40,453 Engagement

Evironment Impact

We, at IIFL Home Finance, take our environmental responsibility very seriously and continue to focus on waste reduction and recycling. We are committed to pursuing a path of continuous improvement to manage our environmental risks, which includes identifying, understanding, and managing our environmental impacts in the areas of paper reduction and recycling, waste reduction and management, energy efficiency, and water conservation. Our digital capabilities help customers with convenience and time, also providing wider reach, virtual touch and paperless efficient processing hence reducing our waste footprint.

Energy and Emissions

GRI 302-1, GRI 302-3, GRI 305-1, GRI 305- 3

We have installed sensors across offices to switch reduce electricity, and have also banned the usage of single use plastic in all our offices and branches. We also practice responsible waste disposal system such that it does not impact our environment.

We have made it a goal to reduce energy consumption at the Company's numerous office locations. Several office sites, including corporate headquarters, use an energy management system to control and manage heating, ventilation, air conditioning, and lighting to reduce energy use when it is not needed. Since we are an HFC, we do not have significant scope 1 emissions. Yet we believe that it is imperative to optimize our operations and increase energy efficiency to positively contribute to the environment, we have reported our emissions in the table given below-

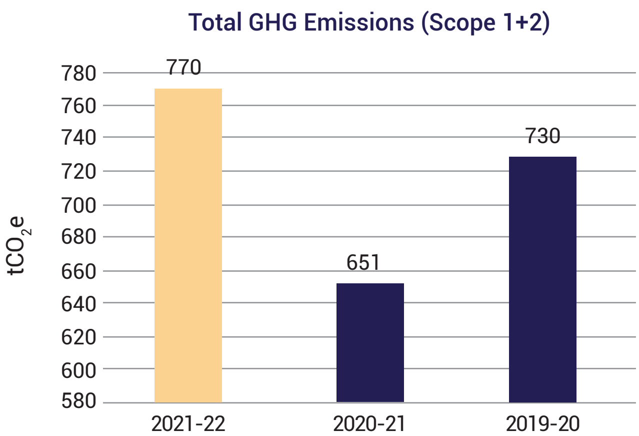
Energy and Emissions from Direct Operations

Parameters	Unit	2021-22	2020-21	2019-20
Energy consumption from use of diesel	GJ	792.17	413.16	277.09
Scope 1 Emissions	tCO_2e	59.04	30.79	20.65

Energy and Emissions from Indirect Operations

Parameters	Unit	2021-22	2020-21	2019-20
Electricity consumption	MWh	900.27	765.58	875.30
Scope 2 Emissions	tCO2	711.22	620.16	708.99

Total Emissions



As an initiative to reduce GHG Emission, we have installed LED Lights while replacing existing CFL lights with LED Light. LED lighting produces less waste light and more useful lumens than other lighting technologies.

To reduce our indirect emissions, we have used Low-VOC paints at Gurgaon offices which helps to reduce our indirect emissions, concentration of contaminants in the ozone layer, as well as it creates less impact on groundwater and landfills. Low-VOC paints have a lower odour, less toxic and cause fewer toxic emissions.

Water Treatment

GRI 303-1, GRI 303-3

We have identified water consumption within our branches as a major contributor to our overall environmental footprint and are working towards its judicious use.

We have installed a sewage treatment plantand the treated water is used for gardening, cleaning purposes etc. We are also servicing the softeners and treated water which will be used for Washrooms, Cleaning, Cooling Towers etc. Other than that, we have installed Aerators which will help in reducing the water consumption. Chambers are installed to protect soil from entering inside the Drainage. We are setting up a Rainwater Harvesting system which will be operational in FY 2022-23.

Water Consumption

Municipal Water (kL)	Boring Water (kL)	Bottled Water (kL)	Total Water (kL)	Water Intensity (kL/ Employee)
4,859.47	12,145.230	726.99	17,004.70	6.18

Waste Management

GRI 306- 3

Reduce, reuse and recycle is a principle we strongly adhere to. We not only minimise the amount of waste generated, but also ensure to recycle products for further use. We have also put a lot of effort into moving our business operations to online platforms so that we can provide documents and statements digitally. E-waste recycling is carried out by various e-waste vendors across all offices of the Corporation.

Waste Generation and Disposal

Parameters	Unit	Disposed via Sale
Hazardous Waste (E- Waste)	Kg	997.5

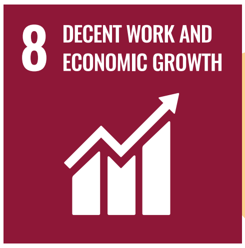
Supporting Local Communities

GRI 413-2

Contributing to the upliftment of communities has always been an important aspect of IIFL Home Finance's business strategy. We understand the necessity of both co-creating a holistic society and driving the company's financial performance to ensure long-term success. Throughout the pandemic, we increased our efforts in our core CSR (Corporate Social Responsibility) priority areas and built a systematic plan for the post-pandemic period. We also have CSR policy in place, at the Group level and IIFL Home Finance adopts the CSR Policy and their projects are aligned to the focus of the business, helping the company carve out a reputation for being one of the most committed and responsible companies in the industry. IIFL Foundation undertakes program under mission **HELP**.

Health – Managing COVID-19 Outbreak

Education – Promoting Financial literacy, Support to Educational Research Programs



Livelihood – Embracing Employment and Entrepreneurship

Poverty Alleviation

Country's first COVID-19 vaccine delivery by Drone

IIFL Foundation partnered with central and state governments to start Maharashtra's first COVID-19 vaccine delivery through drones to reach the inaccessible terrains in Jawhar taluka of Palghar district. This drone-based vaccine delivery is one of the country's first vaccine delivery operations with a 5 kg payload capacity and covering a range of 25 kilometres in 9 mins, - the distance that takes over 70 minutes to cover by road (Hilly region and poor road condition).

Maharashtra Chief Minister Uddhav Thackeray praised the efforts of Maharashtra health administration, IIFL Foundation and BlueInfinity (Developers of the drone) in achieving this feat. The initiative received award for being the **'Most Innovative Solution for COVID-19'** at World CSR Congress 2022

Oxygen Concentrators

As India was gripped by the second wave of the COVID-19 pandemic, pressure on its medical infrastructure had intensified. There had been acute shortage of oxygen, beds and other facilities in several parts of the country. IIFL Foundation donated 165 oxygen concentrators at Maharashtra and Rajasthan to Primary Health Care Centres (PHCs), Government hospitals, and panchayat offices at village level.

165
Oxygen Concentrators Donated

COVID-19 Vaccination Drive for Differently Abled

IIFL Foundation initiated **'Kindness on Wheels'** vaccination drive at Mumbai. This initiative was aimed at vaccinating the specially-abled individuals with no means or assistance to visit the vaccination centre. A safe and sanitized auto rickshaw service was provided at the doorstep of the specially-abled individual, along with a driver trained to support the individuals with special needs.

~1,000
Individuals Benefited from this Initiative

Ophthalmic Ward

IIFL Foundation donated medical equipment to **Primary Health Centre (PHC)** at Khamnor (rural), Rajasthan, for setting up an Ophthalmic Ward. This is the first and only facility of such kind in the area, that shall be beneficial to people residing in the rural hamlets in a radius of 30 kms from PHC. In next phase, IIFL Foundation is planning to setup Ophthalmic Surgery ward.

Development – Government Hospital, Udaipur

IIFL Foundation has undertaken the responsibility to reactivate the dormant wards at the Maharana Bhupal Government Hospital, Udaipur (Rajasthan), and develop them into Operation Theatres, Intensive Care (ICU), Outpatient Department (OPD), Cabins for Senior Doctors & Resident doctors and waiting area for family members of the patients. The development is carried along with installation of Medical Equipment in the OT, OPD and ICU and furnishing of the wards.

Ambulance

IIFL Foundation donated an ambulance (Rajasthan) to offer free of cost service to marginalized population dwelling in rural settlements.

Dawai Bhi Kadhai Bhi

IIFL Home Loan aligned with the central Government on their mission of DawaiBhiKadaiBhi. We used our online and offline channels such as the social media handles, website, mobile app, branches, etc. to encourage masses to get vaccinated at the Tikka Utsav, organised by the Government, in April 2021.

Fund Raiser with Give India

IIFL Home Finance initiated a fundraiser with Give India to further the reach of relief through providing life-saving equipment, offering medical assistance to people battling COVID-19, distributing food supplies and essentials and helping low-income families financially.

₹ **237,726**
Total Raised

232
Numbers of Donors

Education and Development

de unke sapne ko udaan

PANKH: de unke sapne ko udaan

As a part of the TA from ADB, IIFL Home Finance, along with an NGO partner, established learning centres (including creche and multi grade and multi-level education delivery) for children of migrant construction workers, operational near the construction sites as IIFLHome Finance's Social Impact Program. It endeavours to break down the barriers between formal education and children of migrant construction site workers and bridge the disconnect between children and literacy. In addition to the schools, the centres will also hold:

Awareness Programme on Behavioural Change in Men

Intervention with men and community (Counselling for readiness building among parents for children education, psychosocial support, modules as mandated for safety and Health (COVID -19 Protection) by partner, and other relevant subjects

Awareness on 'Safety at Construction Sites'

Intervention with migrant male & female workers at construction sites regarding safety practices at sites

Health & Hygiene Workshop for Women

Live centres as on 31st March, 2022

Sites

- Pyramid Elite Homes, Gurgaon
- Pyramid Fusion, Gurgaon
- Ravi Surya Group, Jaipur
- GTT, Bangalore
- Tranquillo, Hyderabad

116 Kids Count

139 Women Count

1,094 Community Size

03-13 Years Age Bracket

839 Male Labour Count

Sakhiyon ki Baadi

Sakhiyon ki Baadi is the flagship initiative of IIFL Foundation that aims at eradication of illiteracy. The initiative focuses on providing quality education to thousands of underprivileged children, with a special focus on the girl child. Under the initiative, we have enabled educational development by setting up schools in many districts of South Rajasthan including tribal districts of Rajsamand and Udaipur.

13
Districts

1,071
#Sakhiyon ki Baadi

32,264
#Girls Enrolled

3,495
#Boys Enrolled

Chauras

Chauras is a learning centre for children of migrant workers at construction sites. Post lockdown, *Chauras* regained its operations, observing the safety guidelines issued by the Health Ministry of India to prevent spread of COVID-19. We are also engaging with our partners to provide health check-ups and vaccinations at periodic intervals.

200+
Children Enrolled for Creche, Balwadi & Bridge Course

Seva Kutir

The project focuses on elevating the education levels of children from Scheduled Castes and Scheduled Tribes. In the rural pockets of the district Khandwa, Madhya Pradesh, these community learning centers proved to be the space with sustained the teaching and learning. Along with educational activity, children also engage in physical sessions and outdoor sports, vital to build their physical strength.

2,200+
Children (4-15 years) Enrolled at 21 Centres

Support to Higher Education and Research Programmes (IIM Udaipur)

To strengthen the academia and research for student and faculty members at IIM Udaipur, the financial grant enabled the organisation to acquire various business databases.

Approximately 900 students, 57 professors, 32 PhD research students and 45 visiting faculty will benefit, each following year.

Phulwari – Maa Bari

Partnering with the Tribal Area Development (TAD) Department of Rajasthan, we upgraded the 'Maa Bari' learning centres with solar panels, facilitated water supply for drinking and sanitation and Digital Learning Tool (TV with preloaded learning videos), both powered by solar energy. On-boarding SAMPARK Foundation as an academic partner, a special emphasis is made to improve learning outcome of students through use of learning kits and regular training to the teachers.

950+
Tribal Students Benefited

Government School – Science Laboratory

To improve infrastructure at Government Senior Secondary School (up to 12th Grade) in Gram Panchayat Khamnore, Rajasthan, and promote better facilities to girl students, we constructed Science Laboratories (Physics, Chemistry and Biology), computer room and sanitation facility.

350+
Girl Students Benefited

Solar Installation at Government School

We provided decentralized energy system to 50 Government Primary Schools of Zilla Parishad at Palghar District (From Vikramgad, Jawahar, Mokhada and Wada), to not only fulfil their need for electricity, but also helping to use of digital learning systems (Computers and Android Tablets).

~5,000
Enrolled students and their Families will be Benefited

Poverty Alleviation

Cycle Distribution

IIFL Foundation donated 100 bicycles to girls students of Government School, from 9th and 10th standard, in Palghar district of Maharashtra, helping them to save time over commute and subsequently ensure their retention at the school.

100
Bicycles donated to girls

Developing Bazaar Hub – Gulaabi Gaon

We've setup a Business Hub (Bazar Haat) and Community Hall for local businesses to promote livelihood for villagers.

793
Women Enrolled for Training & Skill Development

We organised:

- Skill development training for women to learn food processing and production & sale of herbal products
- Computer education for Women, men and Youth
- Awareness on Social and Legal Rights of women viz. POSH Act, Domestic Violence Act, Dowry Act, Right to Education, Government Welfare Schemes for Women, etc.

Chartered Financial Expert (CFX) Certification course

In partnership with FinX (ID Finxperts Skilling Foundation) a short-term professional certification course - Chartered Financial Expert (CFX) was given to women candidates for a successful career in Banking, Financial Services and Insurance Industry.

53
Women Enrolled

Creating Livelihood and Financial Inclusion

5,150+
Livestock Treated Under the Programme

Livestock Development Programme

IIFL Foundation has supported farmers from low-income groups to venture and progress in the vertical of Dairy production. This Livestock Development project is operational in 3 states across India – Rajasthan, Karnataka and Tamil Nadu, with a total of 7 centers. This initiative provides services and inputs at the doorstep of the cattle owners to encourage and maintain livestock rearing as a secondary source of income, promote production of dairy services.

Discounted Home Loan for Armed Forces

Recently, IIFL Home Loans drafted a special policy to cover all the segments of the defense personnel. In order to envelop them, incentives with regard to low rates, less documentation, eased processes have been defined.

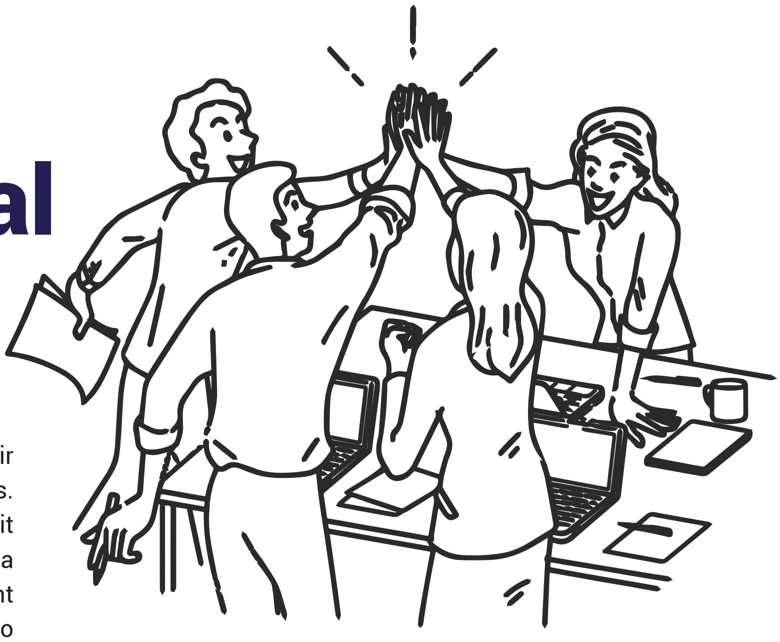
Empowering Locals: SHAKTHI Loan

In order to support inclusive growth, IIFL Home Finance introduced Shakthi, a small ticket size Secured Business Loan. According to a number of sources, the size of India's micro unorganised sector is over 70 million units, with a credit gap of 73%. (NITI Aayog). This said segment many a times faces a perennial challenge of access to the easy and faster credit facilities from the formal Banking and Financial sector. IIFL Home Finance introduced Shakthi with the purpose of bridging the credit gap and the philosophy of offering simple credit to last-mile micro unorganised enterprises.Shakthi has been specifically designed to cater the varied financial needs of the micro unorganised businesses at a faster rate with the least amount of documentation and procedures.

Shakthi caters and fulfil the credit needs of the micro businesses like small groceries stores, saloons, vegetables vendors, small traders and agricultural ancillaries i.e., seeds and fertilisers suppliers at the end of the supply chain etc.

In the shortest time span, Shakthi is being delivered from 216+ locations across country and has already helped 4,600+ micro businesses with the disbursement of ₹ 2,190 million so far.

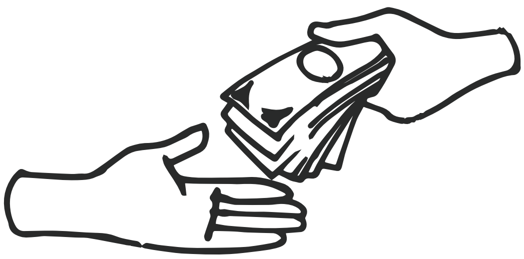
Fostering Human Capital



Employment

GRI 401-1, GRI 401-2

Employees are an organization's backbone, and their wellbeing ensures better productivity and effectiveness. Because the housing finance industry is dynamic, it is critical to continuously upskill the personnel. As a result of these causes, human capital management has become an important topic. We are committed to create a welcoming and secure environment for our employees. We are an equal opportunity employer where persons with right fitment, irrespective of background, disabilities, region, caste, etc are welcomed and provided conducive work environment to thrive and grow. We are committed to increasing worker diversity and cultivating an inclusive workplace.



Monetary Support to our Employees

COVID-19 Treatment Support

Due to pandemic, our employees and their close family members were falling short of their group medical insured amount. To cater to this, we had COVID-19 Treatment covered under our group medical insurance. We also supported our employees during their medical critical situation financially through our corporate buffers. **Here's the snapshot of the Benefits provided to full-time employees:**

3 employees
Monetary Benefits Provided

2 employees
Benefited From Voluntary Leave Donation

6 employees
Corporate Buffer Given

Voluntary Leave Donation Policy

Program allows employees who are self-willing, to donate their accumulated paid leaves to support IIFL colleagues requiring monetary help. Amount accumulated is utilized to support employee's hospitalization expenses extending beyond IIFL Group mediclaim coverage.

Performance Management and Rewards

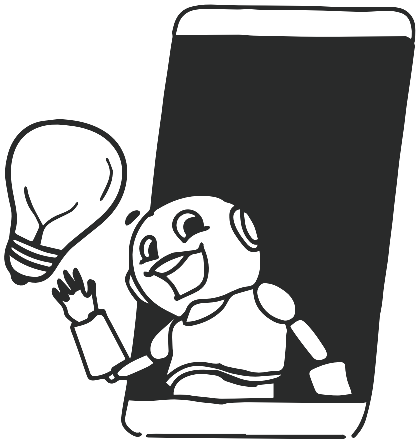
IIFL HFC evaluates the performance of its employees using the Performance Assessment and Review System (PARS) framework. The system is a transparent and quantifiable tool that evaluates employees on their previous financial year's performance and operates on a four-point scale: Flier, Runner, Learner, and Walker.

- Annual and half yearly Performance Appraisals
- Quarterly Town hall by the CEO and the Chairman
- Tailor-made reward (cash and in kind) and incentive programs are being run for different departments and for different levels of employees

Transparent Communication and Grievance Redressal

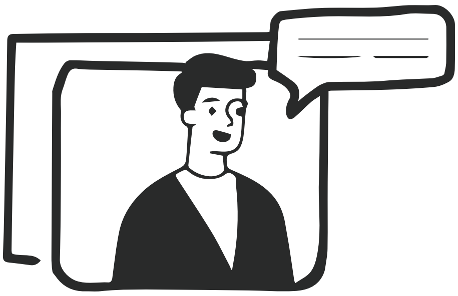
At IIFL Home Finance, the primary objective of the employee grievance redressal policy is to provide a mechanism for individual employee to raise a grievance arising from their employment. Grievance may be about an act, omission, situation, or decision that the employee thinks to be unfair, discriminatory or unjustified. The company has various platforms and digital interventions for transparent communication.

AMBER: AI chatbot, that acts as a feedback and suggestions mechanism for our people, establishing a direct connection between the management and the employee for instant resolutions, providing 100% coverage.



Great Place to Work Certified

– 4th time in a row!



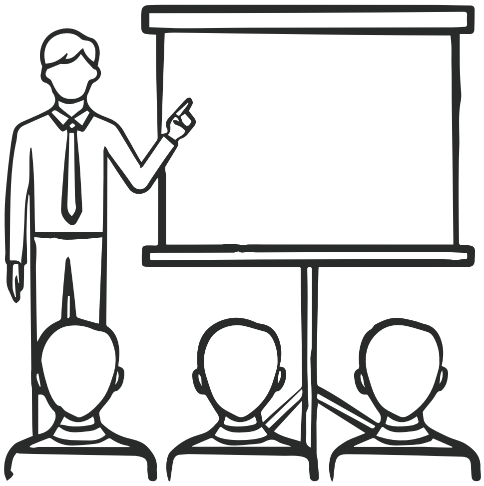
Power 60

We organised the Power 60 Leadership Talk series wherein we invite leaders, entrepreneurs, servicemen, professionals, artists, etc who have faced challenges and have conquered their respective fields despite facing hardships and accomplish their dreams and desires while creating a positive impact. The Power 60 team consists of the senior leadership of IIFL Home Finance such as the Departmental heads, Zonal heads etc.

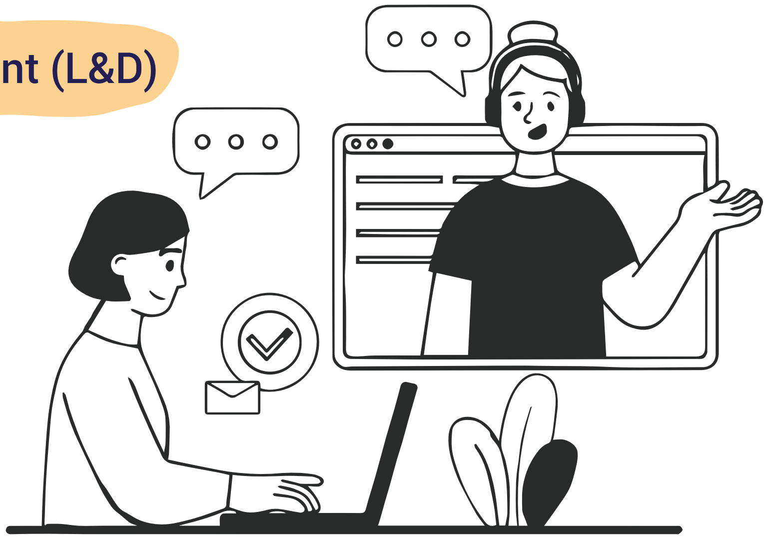
Performance Coaching

We had one-on-one coaching conducted by an industry renowned coach for 20 of our Leaders across departments. This was a six-month long journey in which our leaders collaborated with our external coach "Feroza Engineer" and had 3 group workshops of 180 minutes each and 6 individual one-on-one coaching sessions with the Coach for 60 minutes each.

- The entire intervention focused on helping the leadership team build their 2021 professional goals, develop learning agility and drive performance based results in their teams
- Some of the broad workshop and coaching outcomes identified for this intervention are- Understanding learning agility blocks, creating realistic goals, influencing and establishing product credibility and building trust through conversations



Learning and Development (L&D)



During the reporting period, we also conducted trainings on code of conduct, anti-corruption and anti-bribery, Information and cyber security, data privacy and POSH annually via digital platforms. We want to ensure that all our employees are up to date on the company policy and compliance procedures. We also conducted Functional Upskilling Program - Digitally through renowned leaders and Workshops from Premium Institutes. While the Company engages with the employees and invests in their learning, growth, and development, it also provides extensive induction and classroom training to the new recruits and managers and provide function-specific training to our people through multimedia as Virtual Instructor-Led Trainings (VILTs).

Training Hours (By Gender)

6.35 hrs
Average Hours of training per male employee

4.62 hrs
Average Hours of training per female employee

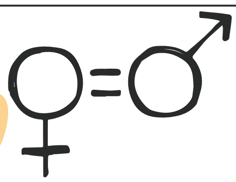
Diversity and Inclusion

GRI 405-1, 405-2

High levels of diversity and inclusion in the workplace are associated with greater productivity, innovation and workforce well-being. We understand that a diversity is important for our organisation. We also have in place, a diversity policy which makes sure the organisation captures the individual's uniqueness and creating an atmosphere that recognises and respects people for their talents, skills, and abilities in order to improve the workplace's collective culture.

Percentage and number of employees by diversity categories:

i. Gender:	Male	Female	Total
Percentage	92.81%	7.19%	100%
Number	2438	189	2627
ii. Age group:	under 30 years old	30-50 years old	over 50 years old
Percentage	36.70%	62.96%	0.34%
Number	964	1654	9



Gender Neutral POSH

We have our POSH policy in place along with a POSH committee which takes any issue extremely seriously and ensures early resolution. Besides this, we have a grievance redressal committee and Amber, a chatbot through which employees can anonymously share their issues, feedbacks and suggestions. We have not received any complaints related POSH in the current financial year.

We have not received any complaints related POSH in the current financial year.

Parental Leaves

We provide parental leaves to both our male and female employees. We have retention rate of 100% for the employees that took parental leave.

Gupshup

We initiated 'Gupshup' series under Diversity, Equity and Inclusion to ensure that the door of communication is open between all teams, as the pandemic led to shift of working from home, leading to a disconnect between employees & teams. The 1st Gupshup was conducted for all the Head of Departments to break the ice between them, followed by two similar department level events.

Health and Safety

Health and safety are the important facets for an organisation. Our health and safety policy is crucial to our organisational strategy and helps us to safeguard the health and safety of our employees, customers, other stakeholders and visitors. The Company continuously focuses on improving occupation health and safety practices, raising awareness at workplace and guiding the employees to commit to health and safety standards.

Response to COVID-19

Business Continuity Management

During the pandemic, we invoked Business Continuity Planning (BCP) to ensure smooth workflow and employee safety. The procedures and personnel were shifted to a work-from-home environment. We quickly adapted to the new standards, from virtual meetings and virtual celebrations to acquiring new soft skills and adopting new lifestyles.

Employee Assistance Programme (EAP)

We also launched EAP services to ensure mental support to our employees. IIFL Home Finance established COVID-19 response teams at the national and regional levels. These groups were responsible for overseeing staff safety protocols at the offices and ensuring that local Government instructions were followed.

Special Leaves for COVID-19 Infected Employees

We also launched EAP services to ensure mental support to our employees. IIFL Home Finance established COVID-19 response teams at the national and regional levels. These groups were responsible for overseeing

staff safety protocols at the offices and ensuring that local Government instructions were followed.

Workshop to Prevent Workplace Bullying

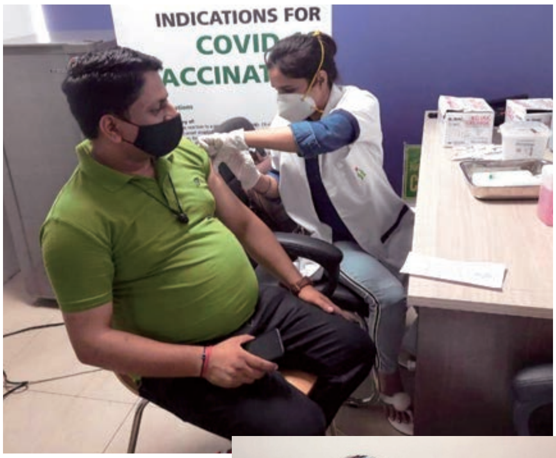
On the occasion of Women's Day celebrations, we organized workshops for women to help them tackle workplace bullying and post pandemic emotional quotient (EQ) and adversity quotient (AQ) to sensitize the women employees on how to manage their professional and personal lives during the pandemic.

Office Sanitization

We take special care for health and safety of our employees. Weekly sanitization was done at the IIFL Home Finance Head Office during the peak phase of COVID-19. We also sanitized our offices if any covid infected person was found within office premises.

Employee Vaccination

Apart from this, we were among the first HFC to conduct COVID-19 vaccinations drives in all major locations pan India where 1st and 2nd vaccination doses were administered to the employees. We also conducted multiple doctor consultations to the office for employees to get their health check-ups done free of cost and also tied up with Fortis and Max hospitals to ensure that all employees have access to medical care at a discounted price especially during the COVID-19 waves.



Tie up with Treebo

We partnered with Treebo Hotels in Gurgaon to ensure safety and wellbeing of our employees battling COVID-19. To ensure our employees recover well, without worrying about the spread, we arranged an exclusive and dedicated COVID-19 rest area for them, in support of Treebo.

Your DOST

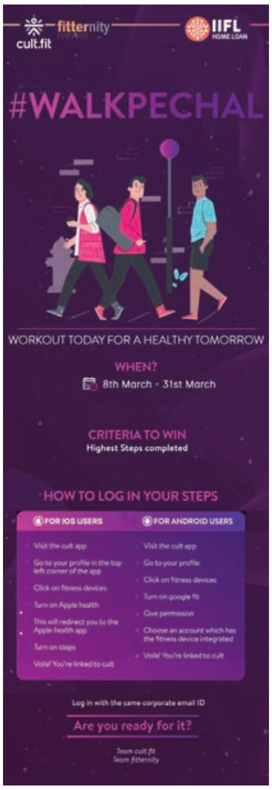
Your Dost

IIFL has partnered with the health app Your Dost to offer anonymous counselling to all employees. Our employees can log into the application and speak to a therapist they are most comfortable to help them deal with the stresses of their personal and professional lives, free of cost. Your Dost is India's first and the largest online mental health and emotional wellness coach. This initiative, provides employees with expert advice from 1000+ Experts, with complete privacy, confidentiality and anonymity on a range of subjects including

- Stress
- Time Management
- Confidence Building
- Career Coaching
- Relationships
- Sexual Wellness and much more

Cultfit

IIFL Home Finance teamed up with Cultfit, a health and wellness app to inculcate a culture of fitness and wellbeing in the company. The employees are given fitness challenges every month to motivate them in their fitness journey, along with regular fitness workouts and nutritional sessions organized to highlight the importance of eating healthy food to help the employees achieve their fitness goals. The employees have also been provided with a community trainer, who conducts sessions, answers queries and rolls out daily targets to the employees to keep the motivation levels high towards fitness. We conduct monthly fitness challenges focusing on various forms of fitness such as dancing, strength and conditioning, yoga, HIIT etc. The employees are encouraged to participate in these challenges and the top 3 winners are rewarded for their dedication and motivation towards fitness.



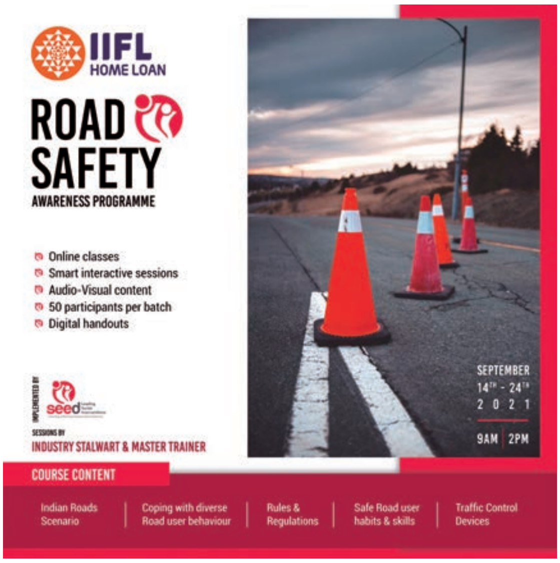
Employee Road Safety

We organized trainings for our Direct Sales Team (DSTs), our customer facing sales executives, on the importance of road safety and wellbeing to ensure they are equipped with the knowledge on safety when traveling to work. The programme focused on improving and increasing the awareness and knowledge about specific road safety problems in the target project area through awareness programme and specific interventions. The deliverables and outcomes of the project are tangible and measurable.

The course was conducted online on virtual meeting platform for groups of around 50 participants per batch/session. The idea was to make the target audience aware with the following:

- Coping with diverse road user behaviour
- Road rules & regulations
- Coping with hazardous driving conditions
- Safe road user habits and skills
- Indian road scenario and law
- Traffic control devices
- Rules of the road & defensive driving/riding
- Responsible rider/driver
- Different types of road users

1,026
Employees Trained



Other Health Initiatives

Hygiene and Grooming Kits

The male feet on street employees in sales and collections were also provided with Gillette grooming kits to highlight the importance of personal grooming and all women employees were provided with Pee Safe kits to highlight the importance of female hygiene. Sanitary pads dispensing machines have also been installed in the office premises to ensure that the women employees have access to sanitary pads as and when they require the same

Breast Cancer Week

We also had a workshop planned in November 2021 for our female employees for Breast Cancer Awareness with help of Fortis Hospital. Where the Doctor talked about this sensitive topic and appraise our female employees with the basic technique of self-check to ascertain any irregularity. He had also covered the basic things female should know about their own body and how early detection is a key to fight this disease. There was a Q&A session scheduled post the workshop for our female employees to openly discuss and ask the apprehension and misconceptions which they had related to the said subject.

Fire Drills

We also conducted **Fire Drill** and monthly check-ups of Fire Equipment are being carried out by the vendor. Fire Drill is conducted twice in a year covering topics such as Evacuation Guideline, use of emergency exit and use Fire Cylinder during emergency.

Project Sarathi

The objective of 'Sarathi' activity was to sensitize the employees around the impact of single-use plastic on the environment. Dedicated Bins to collect the plastic waste were installed at the select 20 branches. We empanelled with Green Dream Foundation and were able to contribute in employment generation for the wage pickers who were engaged in picking and segregation of the waste collected from our branch-offices.

YEH DIWALI KUCH NAYA KARNE WALI

We also had virtual awareness workshops for all our employees with help of the foundation. We had name this initiative as **YEH DIWALI KUCH NAYA KARNE WALI**. We also had **inter-branch competition** to ensure maximum participation and the branch contributed the most was awarded with a title and trophy of **GREEN NINJA BRANCH**.

World NoTobacco Day

We acknowledge the harm tobacco may bring on to anyone and supported the World No Tobacco Day making aware our employees and customers of the fact that temporary relief can lead to permanent damage. Tobacco claims about 7 million lives every year and one must no blow their life up in smoke, save it, treasure it. We urged everyone to quit smoking today. #WorldNoTobaccoDay.

Corporate Governance

Governance Structure

GRI 102-16, 18

IIFL Home Finance's corporate governance culture dates back many years and is based on fulfilling our strategic goals responsibly and honestly while remaining accountable to our stakeholders. We have astrong framework and policy in place for maintaining high standard of corporate governance, which is key to ensure its long term success and is committed to protecting and maximizing interest of its stakeholders. The Company aims at achieving not only the highest possible standards of legal and regulatory compliances, but also of effective management through effective polices/guidelines and procedures conforming to the applicable laws. The Board of Directors, as the pinnacle of the organisation, oversees the company's function, strategic direction, and performance. A wise Board develops the Company's vision, strategy, and policies, and assesses their effectiveness on a regular basis. The composition of Board of Directors of the Corporation and its Committees are in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

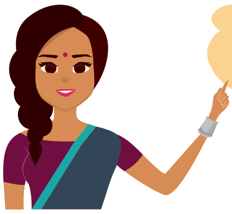
Responsibility of Board

The Board of Directors meets on a regular basis to discuss sustainability issues, particularly those related to climate change. The Board of Directors oversees the Group Leadership Team and provides strategic input on these matters. At least once a year, the board of directors examines the company's sustainability strategy and efforts, particularly those related to ESG.

Policies and Framework

Frameworks, policies and handbooks are significant vehicles for the Board to communicate the Company's position on numerous important significant matters and to establish procedures and processes. All policies and frameworks are designed to meet the requirements of relevant legislation as well as the expectations of diverse stakeholders. Below are the policies and guides under the focus of our ESG framework:

ESG Policies of Company has been implemented to set roadmap for integrating sustainability into all business operations and our product offerings resulting in conducting business in a responsible manner and to establish strategy to communicate our sustainability performance to all stakeholders in a transparent and regular manner

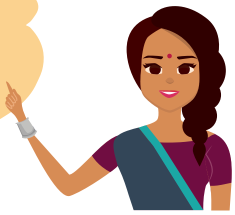


VIGILANCE POLICY

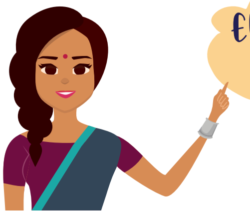
This policy seeks to define and establish the mechanism for employees of IIFL Home Financeon the framework for reporting instances of unethical/ improper conduct and auctioning suitable steps to investigate and correct the same. Accordingly, this policy details the following:

- Procedure to disclose any suspected unethical and/or improper practice taking place in the Company
- Protection available to the person making such disclosure in good faith
- Mechanism for auctioning and reporting on such disclosures to the relevant authority within the Company; and Relevant authority and its powers to review disclosures and direct corrective action relating to such disclosures. Vigilance Mechanism

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE



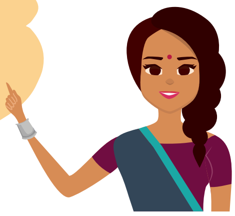
The purpose of Internal Guidelines on Corporate Governance is to adopt best practices and greater transparency in the operations of the Company and in compliance with the guidelines on Corporate Governance issued by Reserve Bank of India vide Circular No. DNBR (PD) CC. No. 029/ 03.10.001/2014-15 dated April 10, 2015.



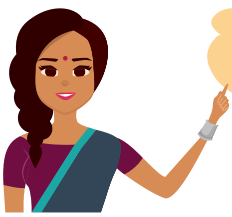
ENVIRONMENTAL POLICY

We seek ways to minimize negative impacts on the environment while maximizing opportunities for improvement in our environmental performance. Our Environmental Policy serves as a guiding document to implement and adopt best practices so as to minimize the Company's environmental footprint inclusive of energy consumption, water usage and discharge, waste management, and emission management, etc. in its business operations and across its value chain

EMPLOYEE HEALTH & SAFETY POLICY

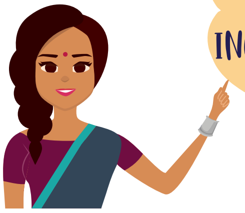


IIFL Home Finance believes in the philosophy that injuries, illness and incidents (3Is) are preventable. We foster a safe working environment and carry out an active due diligence to ensure well-being of people and safety of assets.



CSR POLICY

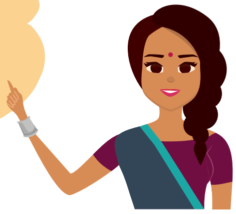
The key purpose of this Policy is to define the broad development areas that the IIFL Home Financeshall undertake, outline the governance structure for CSR management within the IIFL Home Finance, serve as a guiding document to help identify, execute, and monitor CSR projects and explain the manner in which the surpluses from CSR projects will be treated.



DIVERSITY & INCLUSION POLICY

Our commitment towards Diversity and Inclusion entails respecting people from diverse backgrounds and experiences and creating a safe environment to foster a culture of openness and inclusivity.

HR HANDBOOK

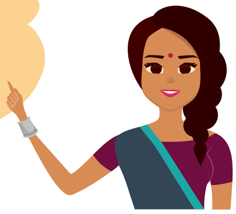


The manual helps us to understand the various policies, procedures, benefits, terms and conditions and other related matters pertaining to our employment at IIFL. It incorporates all the policies relating to members under one roof. It also gives us an understanding of the philosophy and work culture prevalent in the company.

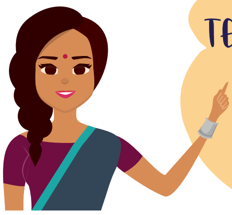
SEXUAL HARASSMENT & REDRESSAL POLICY

The employees have the right to work in an environment, free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. The Company recognizes its responsibility towards safeguarding and protecting its employees from harassment, either by an internal or external source, and is committed to provide and ensure a safe, harassment-free working environment to all its employees.

ANTI BRIBERY & ANTI-CORRUPTION (ABAC) POLICY



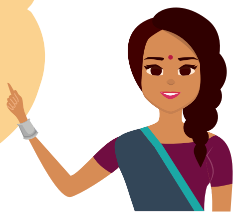
The policy of IIFL Home Finance Limited on combating corruption and to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to act professionally, fairly and with integrity in all our dealings wherever we operate. We are also committed to implement and enforce effective systems to counter bribery. This policy sets out the Company's long-standing policy on bribery and other forms of unlawful payments in the form of Anti-Bribery and Anti-Corruption (ABAC) Policy.



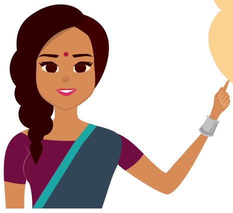
IT POLICIES (INFORMATION TECHNOLOGY POLICY- INFORMATION AND CYBER SECURITY POLICY AND THE BUSINESS CONTINUITY MANAGEMENT POLICY)

IT policies and procedures establish guidelines for the use of information technology within an organization. In other words, it outlines what everyone is expected to do while using company assets.

KNOW-YOUR-CUSTOMER (KYC) AND ANTI-MONEY LAUNDERING (AML) POLICY



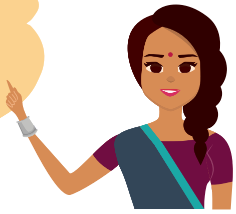
The objective of Know Your Customer (KYC) and Anti-Money Laundering policy is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering. KYC procedures enable banks to know/understand their customers and their financial dealings better.



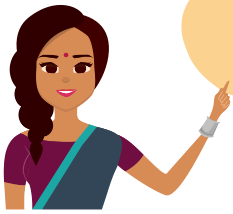
GRIEVANCE REDRESSAL POLICY

Through this policy, the company ensures that a suitable mechanism exists for receiving and addressing grievances from its customers and their constituents including pensioners, with specific emphasis on resolving such cases fairly and expeditiously regardless of source of the case.

WHISTLE-BLOWER PROTECTION POLICY



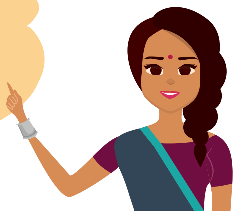
The purpose of this policy is to eliminate and help to prevent malpractices, to investigate and resolve complaints, take appropriate action to safeguard the interests of the IIFL Home Finance and to ensure that any person making a complaint is protected, while at the same time actively discouraging frivolous and insubstantial complaints.



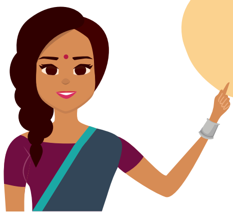
IIFL GROUP CODE OF CONDUCT

This Code of Conduct is a statement of the IIFL's commitment to integrity and the highest standards of ethical practices. It defines the standards of conduct that is expected of all employees in order that the right decisions are taken in performing roles and responsibilities across various functions in the company.

FAIR PRACTICE CODE



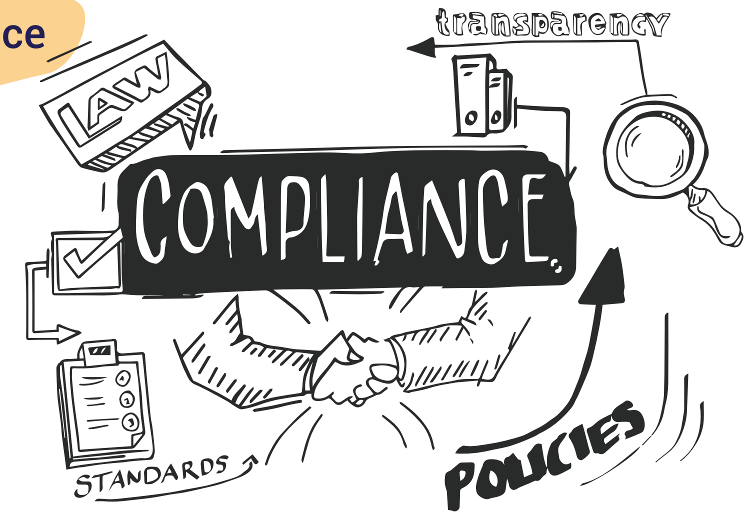
This Code sets standards of practices to be followed when employees deal with individual customers. It provides protection to the customers and explains how the Company is expected to deal with the customers for their day-to-day operations.



CODE OF CONDUCT POLICIES

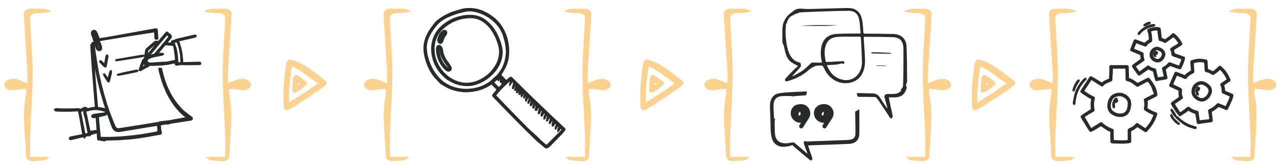
The objective of the Code is to ensure that the Board of Directors and the Senior Management Personnel maintain the standards of conduct required of them and also become aware of those situations where there is likely to be a potential conflict between the interest of the Company and the interest of the Directors / Senior Management and in such circumstances, no step is taken against the interest of the Company.

Adhering to Regulatory Compliance



Our compliance system employs a methodical approach to guarantee that our practices are compliant with national and international legislation. Not only have we lifted the compliance bar far above the basic 'laws of the land,' but we've also adopted top international standards and practices.

The compliance department ensures that all applicable laws, policies, and regulations are followed throughout the firm. The department collaborates with other agencies to ensure that the changing and evolving laws and regulations are implemented quickly and smoothly.



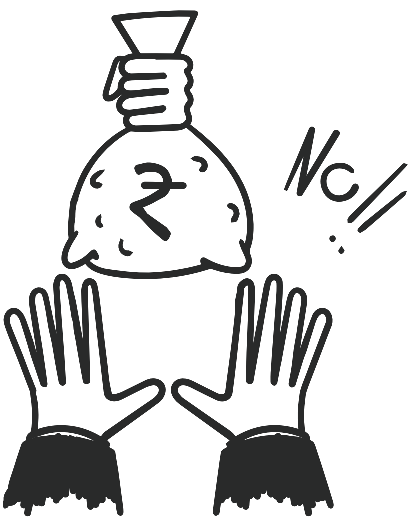
Receipt of guidelines from Regulatory bodies and stakeholders → Analysis of impact on organisation, and action required → Communication to the relevant department for implementation → Implementation at the department level

Periodic reporting on progress to the Board of Directors and relevant stakeholders

The areas of improvement, if any, identified by the Auditors, regulators etc., are analysed, discussed and implemented for improving overall compliances. Any penalties incurred by regulatory action are transparently disclosed to the stakeholders through the Company website of the Company and/or the Annual Report, as and when applicable.

Anti-corruption

GRI 205-1



At IIFL Home Finance, not only at the management level, but also at the operational level, ethical business conduct is a primary focus area. To prevent misconduct, a number of company rules and operational procedures have been implemented.

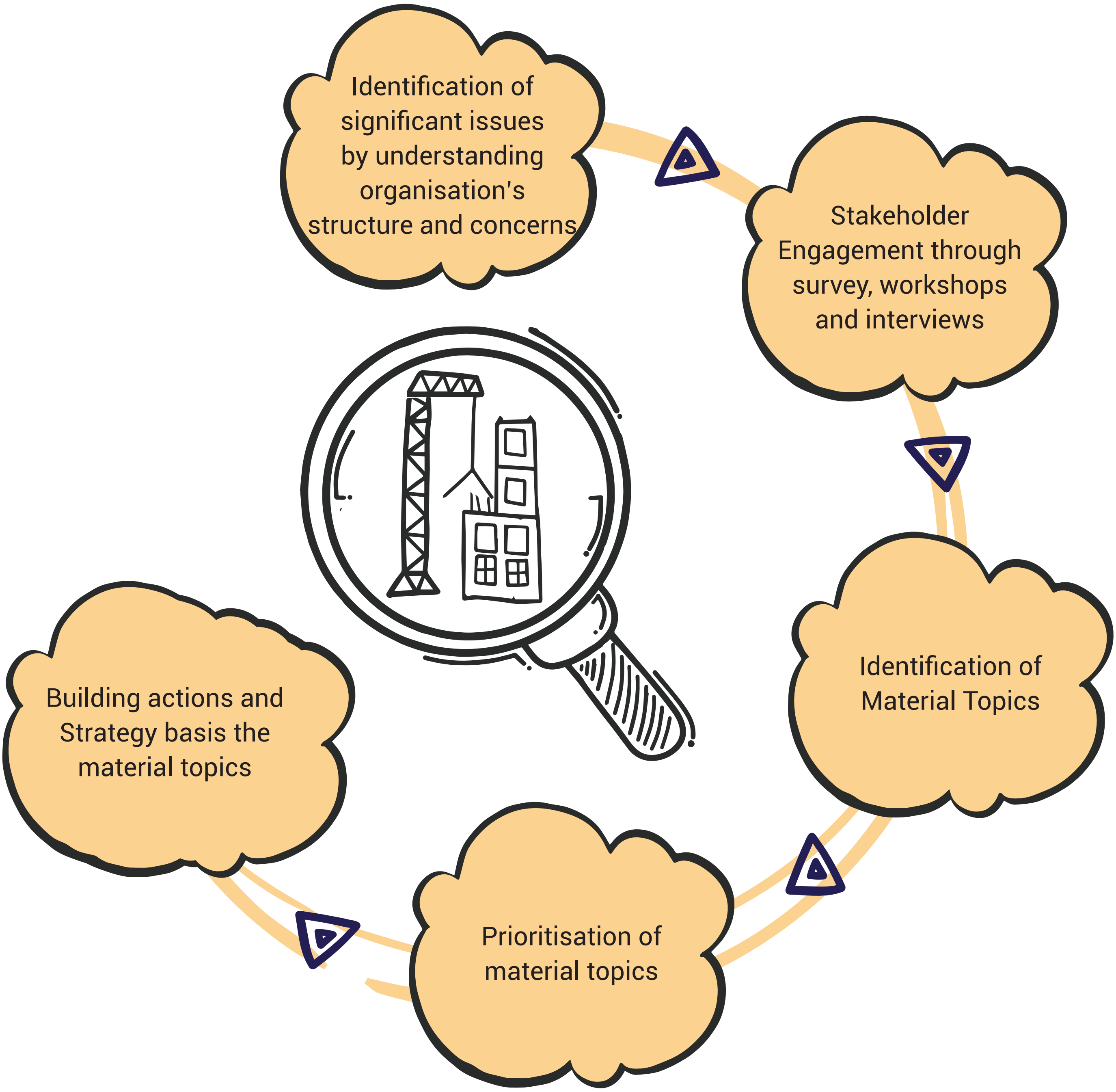
Our Code of Conduct, which is backed up by our Anti-Corruption policy, directs the Company to "fight corruption and conduct business in an honest and ethical way." We have a zero-tolerance policy for bribery and corruption, and we are committed to acting professionally, fairly, and with integrity in all of our transactions.

Our comprehensive Anti-corruption policy provides employees with the information they need to recognise ethical behaviour. The policy covers stakeholders, including directors, shareholders, employees, and third-party representatives. Bribery, corruption, and important principles of adherence are all defined in the policy. As part of the onboarding process, we provide ethical conduct counsel to all employees to aid in decision-making for appropriate business conduct. Following that, all stakeholders receive frequent training to update their knowledge of the policy and ethical behaviour standards.

During the reporting period, we have trained 100% of our workers on the Company's anti-corruption rules and practises.

Materiality Assessment and Key Topics Raised

IIFL Home Finance interacts with various stakeholders who influence the business operations directly or indirectly. The materiality evaluation serves as a foundation for sustainable business practises and offers strategic insights into which action may be taken. The materiality assessment was conducted in accordance with GRI framework standards. To arrive at a shortlist of key concerns, we did secondary research and interacted with internal stakeholders. Twenty Five key concerns related to ESG were identified based on business operation and strategies. Material Topics were then finalised by plotting the scores of the senior management on X Axis and that of the stakeholders on Y Axis. The key concerns which ranked high on the basis of both management and stakeholder perspective were identified as the material topics. This year, we have updated our materiality matrix basis engagement of the senior management and employees. All the topics identifies as material is represented in the materiality matrix below. Precautionary approach has been followed for all material topics.



Our Stakeholders

- Customers
- Community Members
- Media and Analysts
- Employees
- Investors
- Regulators
- Suppliers

List of Key Concerns

Environmental Topics

- Climate Change/ Climate Strategy (including emissions)
- Energy (Environmental Protection and Resource Efficiency)
- Water and Effluents (Environmental Protection and Resource Efficiency)
- Waste
- Environmental Compliance (Regulatory Compliance)

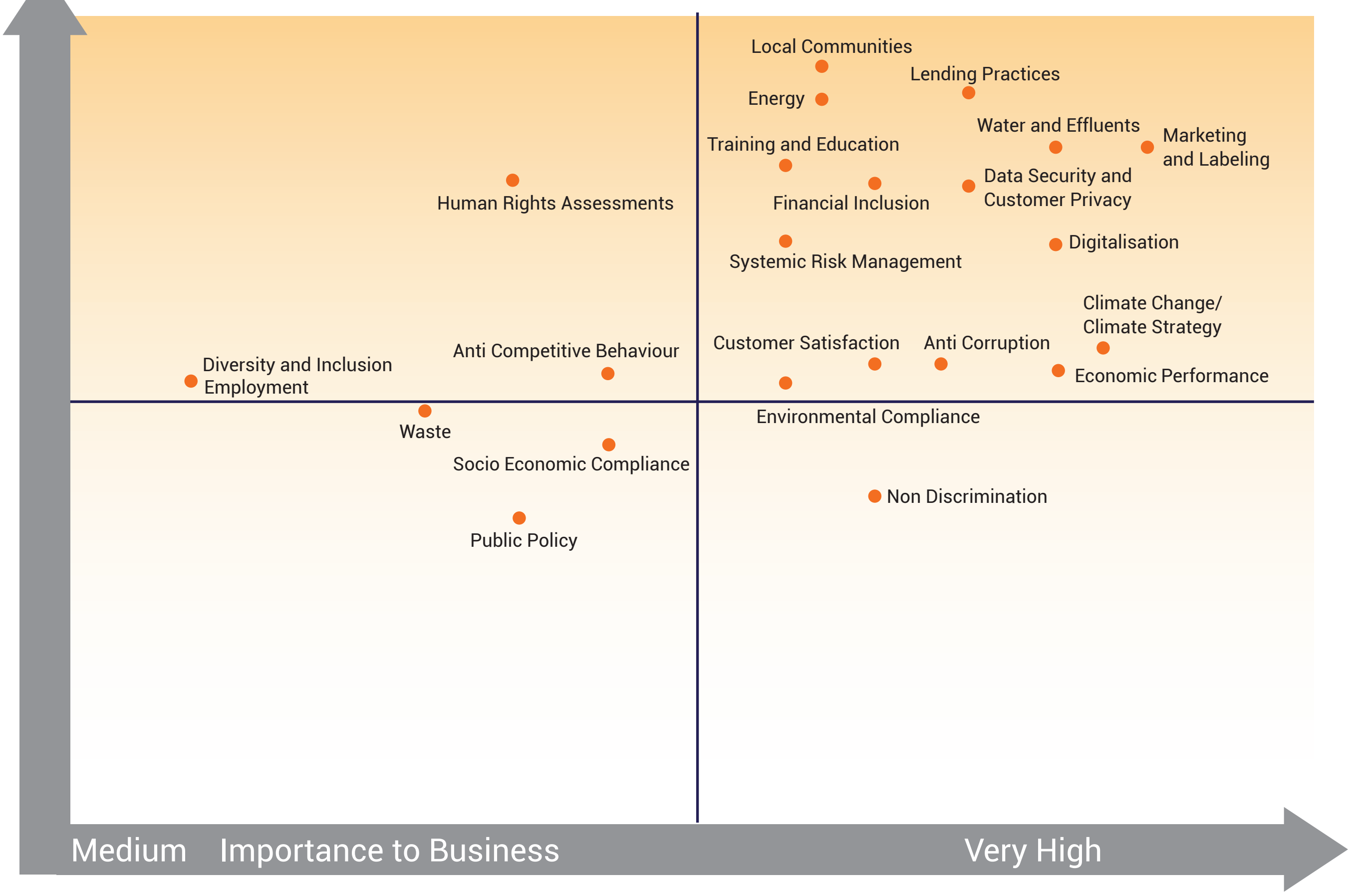
Social Topics

- Financial Inclusion
- Diversity and Inclusion (Diversity and Equal Opportunity)
- Training and Education (Human Capital)
- Employment (Human Capital)
- Non-Discrimination
- Human Rights Assessments
- Local Communities/ CSR/ Empowering communities
- Public Policy
- Marketing and Labeling includes brand reputation
- Data Security and Customer Privacy
- Socio Economic Compliance

Economic Topics

- Customer satisfaction
- Fair and transparent communication about products and services
- Lending practices
- Economic performance
- Anti-corruption
- Anti-competitive behaviour
- Systemic Risk Management
- Digitalization
- Indirect economic impacts

Materiality Matrix



Addressing Material Topics

Climate Change/ Climate Strategy
(GRI 305)

Climate change and the events that accompany it have the potential to have a big impact on the real estate industry. The real estate industry, in and of itself, has a major environmental impact. As a result, being of lender to the real estate sector, preventing and mitigating climate change-related consequences is a material topic for us.

Outside the organization

13 CLIMATE ACTION

Energy
(GRI 302)

At IIFL, we consistently strive to build a product portfolio that is energy and resource efficient to enable a positive environmental footprint. Energy Efficient processes also helps in cost reduction and hence it is very important to us. We also have ESG Policy in place which addresses approach to deal with the topic.

Within and outside the organization

7 AFFORDABLE AND CLEAN ENERGY

Water and Effluents
(GRI 303)

We recognise the importance of clean and safe water as a basic human right. As a responsible corporate citizen, we consistently ensure to minimize water consumption within organisation. Our ESG Policy addresses the approach to use and manage water within premises.

Within and outside the organization

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

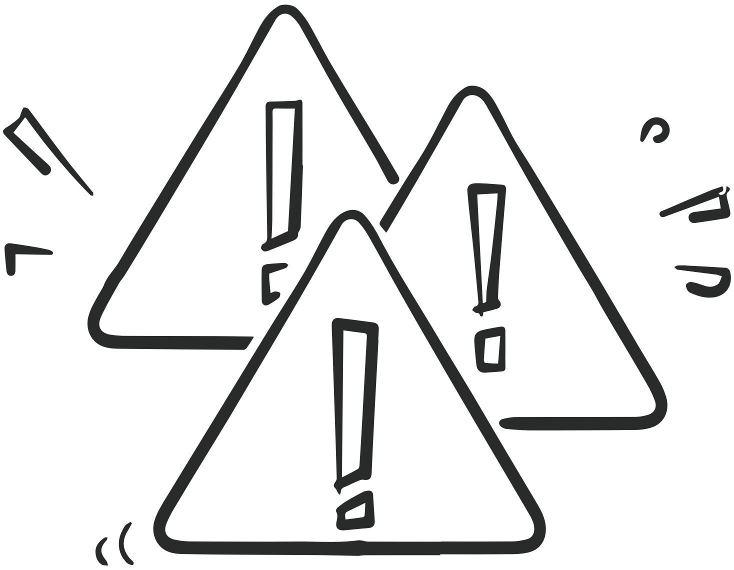
Addressing Material Topics

Material Topic	Description	Boundary	SDG
Environmental Compliance *(GRI 307)*	We are regulated by Reserve Bank of India being an NBFCs. Since overall business and regulatory compliance are important not only to avoid any non-compliance and penalty but to enhance brand reputation.	Inside the organization	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Training and Education *(GRI 404)*	Employees, as well as contractors and consultants who have access to IIF Home FinanceL technology assets, receive annual training on how to use it. It's also a requirement for new employees, contractors, and consultants who have access to our technology. This training covers protecting IIFL information and data, policy and standard controls, security best practices, and identifying and reporting potential cyber threats.	Inside the organization	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Marketing and Labelling *(GRI 417)*	As an NBFC, it is our duty to communicate minute details about our services to the borrowers. Transparent and timely communication regarding products, Most Important Terms and Conditions (MITC), regulations, benefits, obligations of organization and customers, etc., help in boosting trust of customers and other stakeholders.	Within and outside the organization	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Data Security and Customer Privacy *(GRI 418), SASB FN-CB-230*	As digital solutions continue to expand and integrate into our daily lives, we see increasing concerns related to privacy and security breaches. Data security and customer privacy are among our top priorities for IIFL Home Finance Limited and our stakeholders. We have built an integrated tech-empowered organization that is well placed to face the changing technology landscape.	Within the organization	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Customer Satisfaction	One of the most significant critical success factors for a firm is identifying and fulfilling client needs. Customer satisfaction is a strong predictor of how well a service is delivered. It aids in the expansion of the consumer base, which is necessary for corporate success.	Within and outside the organization	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Lending Practices	As a housing financing company, we have a responsibility to follow best lending practises and implement new ideas in order to maximise value for all parties involved. A responsible lending strategy not only reduces the risk of Non-Performing Assets (NPAs), but also ensures that the product is used in an environmentally friendly manner.	Within and outside the organization	11 SUSTAINABLE CITIES AND COMMUNITIES

Material topic	Description	Boundary	SDG
Financial Inclusion *SASB FN-CB-240*	Financial inclusion strengthens the availability of economic resources. Financial inclusion is a major step towards inclusive growth. It helps in the overall economic development of the underprivileged population as well as the company.	Outside the organization	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Local Community *(GRI 413)*	CSR lies at the core of IIFL Home Finance. we continued serving communities through programs aligned with our CSR focus areas by leveraging the power of digitisation and technology. In line with our corporate spirit, we designed unique interventions to negate the barriers created by the pandemic.	Outside the organization	11 SUSTAINABLE CITIES AND COMMUNITIES
Economic performance *(GRI 201)*	To drive a company profitably, it is important to evaluate and improve the economic performance every year. Hence, economic performance always remains a material topic to us.	Within the organization	8 DECENT WORK AND ECONOMIC GROWTH
Anti-Corruption *(GRI 205)*	Preventing corruption unlocks progress towards the Sustainable Development Goals, helps protect our planet, creates jobs, achieves gender equality. At IIFL Home Finance, we follow zero tolerance approach towards corruption and sincerely take actions to prevent corruption on the first place.	Within the organization	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Systemic Risk Management	We are exposed to a variety of financial and non-financial risks and possibilities as a result of the nature of our business. The real estate industry has a significant environmental impact. Furthermore, climate change is predicted to have a considerable impact on the housing sector. As a result, risk management is critical to our company's success. We have mechanisms and frameworks in place to assess review and manage the risks across the organisation.	Within the organization	13 CLIMATE ACTION
Digitalisation	Digitalisation makes business processes effective and efficient. Adoption of digital technologies benefits in enhancing our reach and results in reduced environmental footprint due to saving through reduction in our paper consumption.	Within and outside the organization	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Risk Management Framework

We have a defined risk management strategy and framework, which is devised to identify, measure, monitor and mitigate various risks. A Risk Management committee, guided by the policy, directs appropriate systems to mitigate all material risks faced by the Company. The risk management framework draws inspiration from 'Three Lines of Defence' approach. Within this, the Company management acts as first line of defence, functional team such as risk management and compliance act as second line of defence and the internal audit acts as third line.



Risk Management Framework

Line of Defence	Functions	Scope and Authority
Company Management	Risk Committee Information Strategy Committee Audit Committee Asset Liability Committee	Integration of Risk Principles Across all Businesses Risk Strategy and Advisory Risk Policies Controls and Review Organisational Communications
Functional Teams	Risk Department Business Functions	Policy Implementation Risk Monitoring and Reporting
Internal Audit	Internal Audit Department Risk Analytics	Independent Reviews Reporting to Board Committees

The risk review is done at multiple stages and frequencies by the Risk Department. The robust risk monitoring framework utilises five distinct strategic analysis to identify risks at inception stages. Our risk landscape includes Credit Risk, Liquidity Risk, Digital Risk, ESG Risk, Third Party Risk, Collateral Risk and Operational Risk.

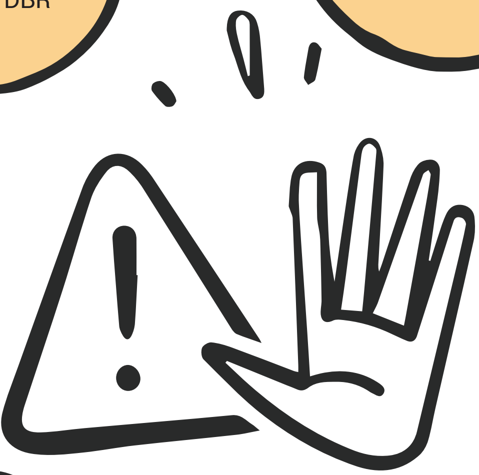
Risk Assessment Methodology

Monitoring:
Customers' performance is monitored through reports and dashboards, parameters include:

Customer profile>Geography > Bureau Checks > LTV and DBR

Early Warning Signals:
On the basis of monthly reporting, expectations are highlighted to the respective teams.

The tools used for EWS include bureau data, bounce trends and market new, if any.



Off-Us Performance:
The current repayment behaviour of the customers is tracked through the beurau data and same is utilised for better collection efficiency.

Vintage Analysis:
Vintage analysis allows monitoring of credit quality and thereafter taking corrective actions w.r.t policy and processes. The data is grouped into segments on the basis of origination month and analysed for the various time periods.

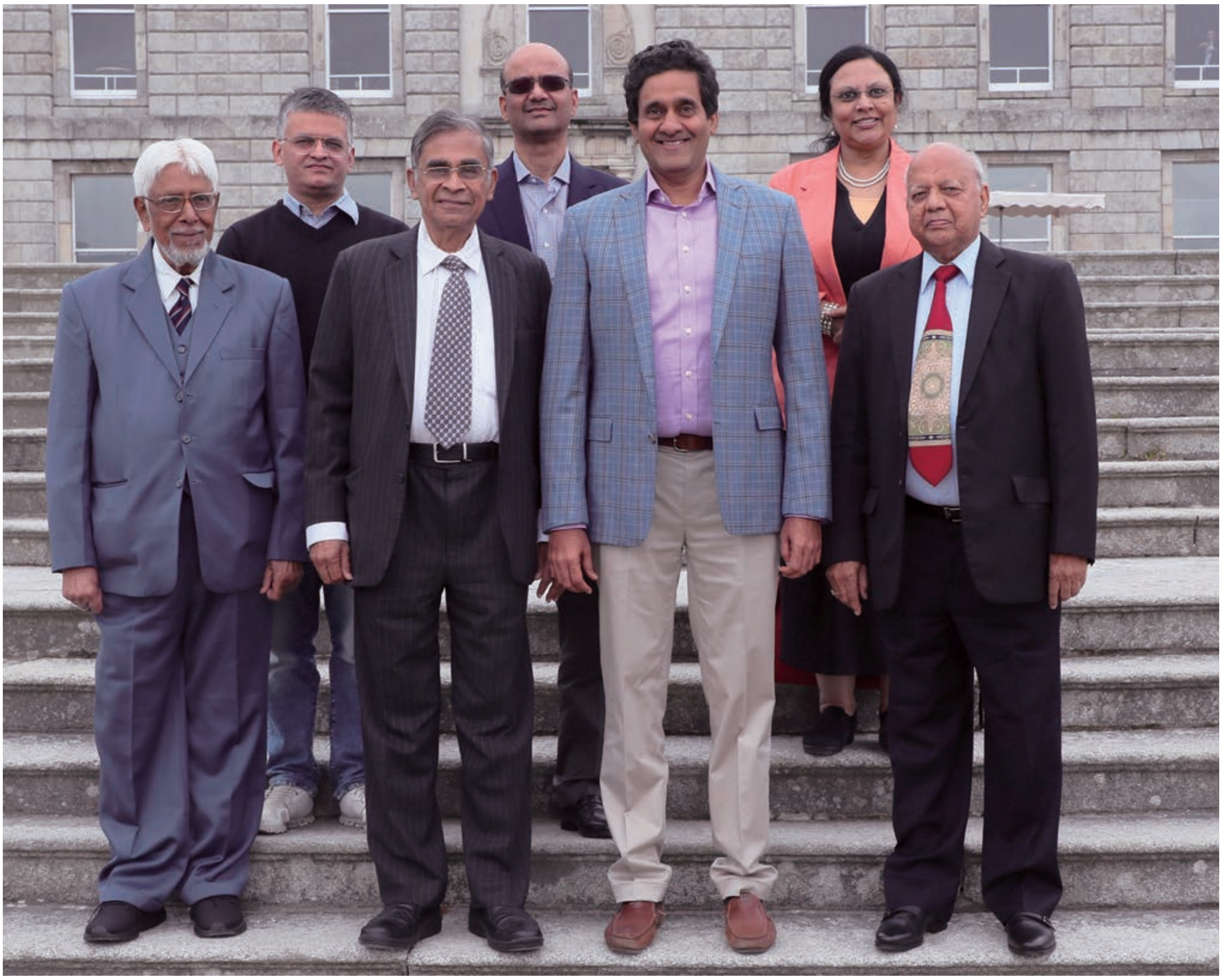
Stress Testing:
Defining various scenarios
Data Compilation and validation,
Modeling the impact of scenarios on risk parameters through PD, LGD, and EAD.

Risk management is integral to the Company's strategy. The comprehensive understanding of risk management throughout the various levels of an organisation aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company has a well-defined Risk Management Strategy and a Framework which is designed to identify, measure, monitor and mitigate various risks. 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 Board approved Risk Management Policy has been put in place to establish appropriate systems or procedures to mitigate all material risks faced by the Company.

The Company is exposed to different types of risks emanating from both internal and external sources. 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 team, identifies, analyses, and takes measures to mitigate risks faced by the Company. The team is guided by the Company's Risk Management Committee and the Senior Management to develop and implement Risk Assurance practices on a pan-organisational basis.

Board of Directors

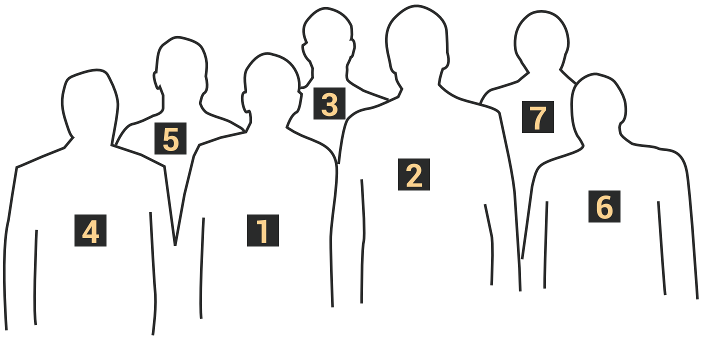


1 Mr. S. Sridhar *(Chairman and Independent Director)*

Srinivasan Sridhar is the Chairman and an Independent Director on our Board of Directors. He holds a Bachelor's degree in science from Bangalore University and a master's degree of science in physics from the Indian Institute of Technology, Delhi. He has previously worked in the banking and finance industry and has held several positions in retail, corporate, and export / import banking, including as the chairman of the National Housing Bank and Central Bank of India. While he was chairman and managing director of the National Housing Bank, he was responsible for a number of initiatives, such as the NHB Residex, Rural Housing Fund, and Reverse Mortgage for senior citizens. Prior to this, he was associated with the Export Import Bank of India as executive director. He is a certified associate of the Indian Institute of Bankers and was conferred with honorary fellowship of the Indian Institute of Banking and Finance in recognition of his contribution in the field of banking and finance.

2 Mr. Nirmal Jain *(Non-Executive Director)*

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



3 Mr. R. Venkataraman *(Non-Executive Director)*

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

4 Mr. Kranti Sinha *(Independent Director)*

Kranti Sinhais an Independent Director on our Board of Directors. He has significant experience in the insurance and housing finance industries. In the past, he served as the director and chief executive of LIC Housing Finance Limited, while concurrently serving as the managing director of LICHFL Care Homes Limited. He was also the deputy president of the Governing Council of the Insurance Institute of India and was a member of the Governing Council of the National Insurance Academy.

5 Mr. Monu Ratra *(Executive Director and Chief Executive Officer)*

Monu Ratrais an Executive Director on our Board of Directors and is the Chief Executive Officer of the Company. He holds a Bachelor's degree in architecture from Guru Nanak Dev University and a master's degree in Post Graduate Diploma in Management from Lal Bahadur Shastri Institute of Management, Delhi. He has significant experience in the financial services industry. Prior to joining the Company, he worked with Indiabulls Housing Finance Limited as national business manager where he was responsible for setting up, and managing, the retail home loan business along with the home equity business. He has also previously worked with ICICI Bank Limited and HDFC Bank Limited.

6 Mr. Arun Kumar Purwar *(Independent Director)*

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

7 Ms. Mohua Mukherjee *(Independent Director)*

Mohua Mukherjee is an Independent Director on our Board of Directors. She is a professional with over three decades of experience in development economics and has worked with World Bank in Washington DC and has led policy dialogue and formulated investment projects in relation to the UN's Millennium Development Goals and later the Sustainable Development Goals. She has led the India Solar Energy Team of the World Bank and designed the USD 640 million blended finance Solar Rooftops project with the State Bank of India. She has also worked for Citibank and ABN Amro in Kenya. She is currently a World Bank consultant and she is Advisor to the India Smart Grid Forum. She has a Bachelor's and Master's Degree in Economics, with distinction, and a Master of Business Administration degree in International Finance, all from Boston University. She also has a certificate in Public Private Partnerships from the Harvard Kennedy School.

DIRECTOR'S REPORT

AS AT MARCH 31, 2022

Dear Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report of IIFL Home Finance Limited accompanied with the Audited Financial Statements for the financial year ended March 31, 2022.

1) FINANCIAL PERFORMANCE

The Company's financial performance for the financial year ended March 31, 2022 is as under:

Consolidated Financial Results

The Company's consolidated financial performance for the year under review is summarized below:

(₹ in million)

Particulars	2021-22
Gross Total Income	22,829.26
Less: Expenditure	14,791.90
Profit before share of Profit of Associate and Tax	7,497.46
Profit from Associate	126.51
Profit before Tax	7,623.97
Less: Taxation	1,689.63
Net Profit after Tax	5,934.34

Standalone Financial Results

The Company's standalone financial performance for the year under review is summarized below:

(₹ in million)

Particulars	2021-22	2020-21
Gross Total Income	22,214.20	20,677.51
Less: Expenditure	14,754.77	15,577.67
Profit before Tax	7,459.63	5,099.83
Less: Taxation	1,679.68	1,088.88
Net Profit after Tax	5,779.95	4,010.95

The Standalone and Consolidated Financial statements for the year under review have been prepared in accordance with and other relevant provisions of the Companies Act, 2013.

2) REVIEW OF BUSINESS

During the year under review, your Company's total income amounted to ₹ 22,214.20 million. Profit before tax stood at ₹ 7,459.63 million. Profit after tax stood at ₹ 5,779.95 million. During the year ended March 31, 2022, Assets Under Management (AUM) of the Company has grown by 14% y-o-y to ₹ 236,173.75 million. At the segment level, there is 12% growth in loan book of Home Loans and a marginal decline of 2% in the LAP segment. The total loan book has grown by 5% y-o-y to ₹ 156,687.95 million as on March 31, 2022.

3) SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Securities and Exchange Board of India (SEBI), brought in amendment in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") with effect from September 7, 2021 and had made Regulation 15 to 27 applicable to High Value Debt Listed (HVDL) entities. HVDL entity has been defined an entity which has its listed Non-Convertible Debt Securities and has an outstanding value of listed Non Convertible Debt Securities of ₹ 500 crore and above. Outstanding Non-Convertible Debentures of the Company were more than ₹ 500 crore and, therefore, the provisions as mentioned above were applicable to the Company. However, HVDL listed companies were provided an option to comply with the above provisions or explain reason for non compliance/partial compliance till March 31, 2023 and thereafter mandatorily comply with the above provisions. Since the date of applicability of the above provisions, the Company has complied with the above provisions for the period ended March 31, 2022.

4) RESOURCE MOBILIZATION

Non Convertible Debentures-Private Placement

During the year under review, the Company issued Secured Redeemable Non Convertible Debentures aggregating to an amount of ₹ 7,650.20 million

DIRECTOR'S REPORT (CONTD.)

on private placement basis. Further, the Company redeemed /Bought Back Non Convertible Debentures of amounting to ₹ 9,834.05 million, issued on private placement basis.

The Company has been regular in making payments of principal and interest on NCDs. The Company has complied with the provisions of Chapter XI {(Guidelines on Private Placement of Non-Convertible Debentures (NCDs)} of Master Directions- Housing Finance Companies (Reserve Bank of India), 2021 for issuance of Non-Convertible Debentures on Private Placement basis. During the year under review, the Non-Convertible Debentures were paid/redeemed by the Company on or before their respective due dates. As on March 31, 2022, outstanding secured non-convertible debentures on private placement stands at ₹ 15,621.3 million and outstanding unsecured non-convertible debentures on private placement basis amount to ₹ 2,200.00 million. During the year under review, there was no Non Convertible Debentures which have not been claimed by the investor or not paid by the Company after the date on which Non Convertible Debentures became due for redemption.

Non Convertible Debentures- Public issue

The Company had issued Unsecured Redeemable Non Convertible Subordinated Debentures to public in the month of August 2021 and raised ₹ 6,558.23 million and Secured Non Convertible Debentures in the month of January 2022 and raised ₹ 4,043.87 million.

Term Loans and Other Borrowings

During the year under review, the Company availed ₹ 12,338.40 million of refinance facility from NHB under various refinance schemes of NHB. Further, the Company raised funds by way of borrowing from term loans, issuance of Commercial paper and other sources. As on March 31, 2022, total outstanding borrowings excluding NCD stands at ₹ 175,678.7 million.

Assignment of Loans

During the year under review, the Company securitized /assigned the receivables of housing loan portfolio aggregating to ₹ 23,216.55 million and non housing loan portfolio aggregating to ₹ 4,239.26 million. The Company was appointed as servicer by the Assignee/ Trustee to collect and receive payment of the receivables from the Securitized/Assigned Assets.

5) DIVIDEND

During the year under review, considering the performance of the Company and the capital and liquidity buffer available with the Company, your Directors recommended Interim Dividend of ₹ 30 per equity share of face value of ₹ 10 each. Total outgo towards payment of Dividend is ₹ 629.05 million. Your Directors recommend that the said Interim Dividend be considered as final. The dividend payout ratio was well within the limits prescribed in and in compliance with the Circular No. RBI/2021 22/59 DOR.ACC. REC.No.23/21.02.067/2021-22 dated June 24, 2021 issued by RBI for payment of dividend by HFCs and NBFCs.

6) TRANSFER TO RESERVES

Pursuant to section 29C of the National Housing Bank Act, 1987 the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. During the year under review, the Company transferred ₹ 1,156.00 million (20% of Net Profit for the year) to Special Reserve. As on March 31, 2022, the said Reserves stood at ₹ 4,029.70 million. The balance in General Reserves stood at ₹ 1,438.60 million.

7) SHARE CAPITAL OF THE COMPANY

Authorized Share Capital

As on March 31, 2022, Authorized Share Capital of the Company was ₹ 1,720,000,000 (Rupees one hundred and seventy two crore only) divided into 152,000,000 (Fifteen crore and twenty lakh) Equity Shares of ₹ 10 (Rupees ten only) each and 20,000,000 (Rupees Two crore) Preference Shares of ₹ 10 (Rupees Ten only) each.

Paid-up Share Capital

During the year under review, your Board of Directors did not consider to increase its capital base as in its view the Company is well capitalized and the Capital base of the Company is adequate to meet statutory and business requirements of the Company. As on March 31, 2022, the paid up share capital of the Company stands at ₹ 209.68 million.

8) PUBLIC DEPOSITS

The Company is registered with National Housing Bank as a non-deposit taking housing finance Company. During the year under review, your Company has not accepted/ renewed any public deposit. The provisions of Section 73 of the Companies Act 2013, read with applicable rules thereto and disclosure requirement under the para 44 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 are not applicable to the Company.

DIRECTOR'S REPORT (CONTD.)

9) INVESTOR EDUCATION AND PROTECTION FUND

The interest on Non Convertible Debentures remaining unclaimed for period of seven years from the date they become due for payment have been transferred to Investor Education and Protection Fund in accordance with the Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") and other relevant provisions of the Act. During the year, the Company has transferred ₹ 1.83 million to the Investor Education and Protection Fund (IEPF). The concerned debenture holders can claim the interest from IEPF.

10) INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal controls with reference to Financial Statements and operations and the same are operating effectively. The Internal Auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Further, Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively as at March 31, 2022.

11) VIGIL MECHANISM

In Compliance with the provisions of Section 177(9) of the Companies Act, 2013, read with the rules made there under, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy. The Policy also provides for adequate safeguard against victimization of Whistle Blower who avails of such mechanism and also provides for the access to the Chairman of the Audit Committee. None of the Whistle Blowers have been denied access to the Audit Committee. Whistle Blower Policy is uploaded on website of the Company at https://www.iiflhomeloans.com/corporate-governance.

12) CREDIT RATINGS

During the year under review, the Company's long term debt was rated BWR AA+ (Negative) by Brickworks Ratings, CRISIL AA (Stable) by CRISIL Limited, [ICRA] AA (Stable) by ICRA Limited and CARE AA (Stable) by CARE Ratings Limited.

13) 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 policies applicable to all our employees. 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 the entire organization does not engage in bribery or corruption in any form and explicitly mentions that it will not pay or procure payment of a bribe or unlawful fee to encourage the performance of a task or one which is intended or likely to compromise the integrity of another. The Company will not accept any payment, gift or inducement from a third party which is intended to compromise our own integrity.

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.

14) INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal controls with reference to financial statements and operations and the same are operating effectively. The Internal Auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Further, Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively as at March 31, 2022.

15) SUBSIDIARY COMPANY

During the year under review, your Company incorporated a wholly owned subsidiary, named, IIHFL Sales Limited on September 28, 2021. IIHFL Sales Limited offers professional/ consultancy services that include sourcing, marketing, promoting, publicizing, advertising, brand building, selling and distributing, among the others. It also intends to provide all kinds of advisory/consultancy services and fees based intermediation, syndication and liasoning services.

As per provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, IIHFL Sales Limited does not fall under criteria of "material subsidiary". Further, the Company has framed a policy

DIRECTOR'S REPORT (CONTD.)

on Determination of Material Subsidiary and the same has been placed on the website of the Company.

16) INVESTMENT IN IIFL SAMASTA FINANCE LIMITED

During the year under review, the Company invested in Right Issue of equity shares of IIFL Samasta Finance Limited, an Associate Company of the Company for an amount of ₹ 750 million (previous year's investment was ₹ 1,546.23 million). Company's shareholding in IIFL Samasta Finance Limited remains unchanged at 25% as on March 31, 2022.

The details of the investment made by the Company during the financial year under review are provided in the Notes to Accounts attached to the Financial Statement of the Company for the year ended March 31, 2022.

17) IMPACT OF COVID -19 PANDEMIC

The detailed disclosure on the material impact of Covid–19 pandemic on the Company is forming part of the Financial Statements of the Company.

18) RISK MANAGEMENT

Risk management is an indispensable part of the Company's strategy. The Company operates in an environment wherein various types of risks emanating from internal as well as external sources which, if not managed properly, could lead to disruption in business and impact the attainment of main objectives of the organization.

In order to safeguard and facilitate proactive management of risk, the Company has created a comprehensive "Enterprise Risk Management Framework (ERM) which is designed to identify, measure, monitor, control and mitigate various types of risk. Our Risk Management strategy is governed by the Board with the assistance from our Risk Management Committee that regulates and oversees enterprise-wide risk management which helps us to develop a sustainable business, creating the long term value for our stakeholders

Risk Management Department identifies, analyses and takes measures to mitigate risks faced by the Company. The department is guided by the Company's Risk Management Committee and the Senior Management to develop and implement Risk Assurance practices on a pan-organizational basis. The risk management framework institutionalized in the Company is supported by a "Three Lines of Defense" approach. Business functions act as the first line of defense, control functions like Risk Management and Compliance act as second line of defense and the Internal Audit acts as the third line.

19) DIRECTORS AND KEY MANAGERIAL PERSONNEL

Independent Directors

During the year under review, Ms. Suvalaxmi Chakraborty resigned from the Directorship of the Company on June 15, 2021 and Ms. Mohua Mukherjee was appointed as Director in the Company w.e.f. August 26, 2021. In opinion of the Board, Ms. Mohua Mukherjee fulfils the conditions specified in the Act; she is independent of the management. The Board considers that her expertise and experience (including the proficiency) and her continued association would be of immense benefit to the Company. The detailed profile of Ms. Mukherjee is provided in the Corporate Governance Report.

Non-Executive Directors

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. Nirmal Jain, Non-Executive Director is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment. The Board recommends the same for shareholders' approval.

Key Managerial Personnel

Mr. Monu Ratra, Executive Director and CEO, Mr. Ajay Jaiswal, Company Secretary and Mr. Amit Gupta, Chief Financial Officer are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and Rules made thereunder.

20) BOARD EVALUATION

In accordance with the provisions of the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations, 2015, The Board in coordination with and the recommendation of the Nomination and Remuneration Committee (NRC), 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 considered and discussed the inputs received from the Directors.

DIRECTOR'S REPORT (CONTD.)

NRC also carried out the evaluation of performance of the Chairman, every Director, Committees, Key Managerial Personnel (KMPs) and senior management. The NRC placed on record that the overall performance of individual Directors, Board, Committees, Chairman, KMPs and Senior Management Personnel was quite satisfactory.

21) FIT AND PROPER CRITERIA AND CODE OF CONDUCT

The Reserve Bank of India (RBI) vide its Notification No. RBI/2020-21/73 DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 February 17, 2021 prescribed Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions) for housing finance Companies. The RBI HFC Directions, inter alia, requires all the Housing Finance Companies to put in place an Internal Guidelines on Corporate Governance and a Policy on "fit and proper" criteria for Director/s at the time of appointment, and on a continuing basis, with the approval of the Board of Directors of the Company. The Company has Internal Guidelines on Corporate Governance and the same in placed on the website of the Company www.iiflhomeloans.com.

All the Directors of the Company for the period under review have affirmed compliance with the Code of conduct of the Company. The Declaration of the same is provided in the Corporate Governance Report.

22) STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS

In terms of provisions of sub-section (7) of Section 149 of the Companies Act, 2013 and Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has received declarations by Independent Directors stating and confirming that they are not disqualified to act as Independent Directors on the Board of the Company and further the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as an Independent Director.

23) AUDITORS

The members of the Company at the 14th Annual General Meeting held on June 11, 2020 had approved the appointment of M/s. MP Chitale & Co., Chartered Accountants (Firm Registration Number: 101851W), as the Statutory Auditors of the Company for a period of 5 (five) years commencing from the 2020-21 till (and including) the 2024-25.

Subsequently, the Reserve Bank of India ("RBI") has on April 27, 2021, issued the Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines"). In terms of the RBI Guidelines, the Statutory Auditors have to be appointed for a term of 3 years. The RBI Guidelines are applicable from the 2021-22. As per para 8.1 of the said circular, in order to protect the independence of the auditors/audit firms, the NBFC is required to appoint the SAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. Further, the audit firms which have already completed tenure of 1 year may be permitted to complete the balance tenure only, i.e. 2 years. Therefore, the term of office of M/s. MP Chitale & Co., Chartered Accountants as Statutory Auditors of the Company was revised from five years to three years, i.e. 3 years from the 2020-21 till (and including) the 2022-23 by shareholders at their meeting held on September 30, 2021.

Further, for entities with asset size of ₹ 15,000 crore and above as at the end of previous year, the statutory audit should be conducted under joint audit of a minimum of two audit firms [Partnership firms/Limited Liability Partnerships (LLPs)]. Therefore, the Board of Directors of the Company vide its resolution dated September 28, 2021 recommended the appointment of M/s. Suresh Surana & Associates LLP, Chartered Accountant (Firm Registration Number: 121750W/ W100010), for appointment as Statutory Auditors of the Company, for a period of 3 (Three) years with effect from the 2021-22 till and including the 2023-24 and the same was approved by the Shareholders at their meeting held on September 30, 2021.

M/s. Suresh Surana & Associates LLP and M/s. MP Chitale & Co., Chartered Accountants, who were already appointed as Statutory Auditors of the Company at the 14th Annual General Meeting held on June 11, 2020, shall act as joint Statutory Auditors of the Company for the remainder of the term of M/s. MP Chitale & Co., Chartered Accountants, and that M/s. Suresh Surana & Associates LLP shall thereafter act as joint Statutory Auditors of the Company with such new joint Statutory Auditor(s) who will be appointed by the Company subject to approval of the Members of the Company from 2023-24 onwards.

24) REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any

DIRECTOR'S REPORT (CONTD.)

instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

25) REGULATORY GUIDELINES

The Company has duly complied with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, Capital Adequacy, concentration norms and ALM requirements, among the others, etc. as in force from time to time.

The Company has been maintaining capital adequacy as prescribed by RBI. The Capital adequacy was 30.49% (IND-AS) (as against 15% prescribed by the RBI) as on March 31, 2022.

26) REMUNERATION POLICY

The Board of Directors of the Company approved the Nomination and Remuneration Policy on recommendation of the Nomination and Remuneration Committee. Objective of the Policy is to have adequate composition of the Board comprising of Executive, Non-Executive and Independent Directors and appointment and removal of Directors, Key Managerial Personnel (KMPs). The Policy also provides for remuneration to Directors, KMPs and senior management, involves balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal. The Remuneration Policy is placed at website of the Company at https://www.iiflhomeloans.com/corporate-governance.

27) 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 have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

28) SIGNIFICANT AND MATERIAL ORDERS

During the year, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

29) CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility ("CSR") Committee of the Board has formulated and recommended to the Board a CSR Policy indicating the CSR activities which can be undertaken by the Company. The Board approved the CSR Policy which is available on the website of the Company at https://www.iiflhomeloans.com/corporate-governance.

The CSR projects of the Company are steered by the same values that guide the business of IIFL Group Companies. It can be summarized in one acronym- –FIT, which stands for Fairness, Integrity and Transparency.

Most of the activities are undertaken through India Infoline Foundation (generally referred to as "IIFL Foundation"), a CSR arm of the IIFL Group. During the year under review, your Company was required to spent 2% of its average net profits (computed as per the relevant provisions of the Companies Act, 2013) of the preceding years on CSR projects. The details of the amount spent and unspent are provided in the Annual Report on CSR which is enclosed at Annexure I.

30) PARTICULARS OF EMPLOYEE

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

Further, a statement showing the names and other particulars of employees drawing remuneration as per the limits set out in the Rules 5(2) and 5(3) of the aforesaid Rules, forms part of this Report. However, In terms of the provisions of Section 136(1) of the Companies Act, 2013 read with the Rules, the Annual Report and Accounts are being sent to the members and other entitled thereto, excluding the aforesaid information. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

31) SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit was conducted by M/s RMG & Associates, Practicing Company Secretaries. The Secretarial Audit does not contain any qualifications and the same is annexed (Annexure III) to this Report.

DIRECTOR'S REPORT (CONTD.)

32) CORPORATE GOVERNANCE

Pursuant to requirement of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), Related Party Transaction Policy and a Report of the Directors on Corporate Governance forms part of this report are placed at Annexure IV and Annexure V, respectively.

33) MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions), the Management Discussion and Analysis Report forms part of this report is provided in this Report at Annexure VI.

34) ANNUAL RETURN

As required under Section 92(3) of the Act and the Rules made thereunder and amended from time to time, the Annual Return of the Company in prescribed Form MGT-7 is available on the website of the Company i.e. www.iiflhomeloans.com.

35) SECRETARIAL STANDARDS

The Board confirms that the Company complied with all applicable mandatory Secretarial Standards for the financial year 2021-22.

36) NAME AND CONTACT DETAILS OF DEBENTURE TRUSTEES

a. Vistra ITCL (India) Limited
(Formerly known as IL&FS Trust Company Limited)
IL&FS Financial Center,
Plot C-22, G Block, Bandra- Kurla Complex,
Bandra (East), Mumbai-400 051
Telephone: +91 22 6930 0000
Fax: + 91 22 2850 0029
E-mail: mumbai@vistra.com

b. Milestone Trusteeship Services Private Limited
Windsor, 6th Floor, Office No - 604,
C.S.T. Road, Kalina, Santacruz (East),
Mumbai - 400 098
Telephone: +91 22 4922 0555
Fax: +91 22 6716 7077
E-mail: compliance@milestonetrustee.in

c. Catalyst trusteeship limited
(Erstwhile GDA Trusteeship Limited) Windsor, 6th Floor, Office No - 604, C.S.T. Road, Kalina, Santacruz (East),
Mumbai - 400 098
+91 22 4922 0555
Email:dt.mumbai@ctltrustee.com

37) DIRECTORS' RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended as on March 31, 2022 and states that:

a. In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;

c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this 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.

38) AUDITORS REPORT

Audit Report as issued by M/s MP Chitale & Co., Chartered Accountants and M/s. Suresh Surana & Associates LLP, Chartered Accountants), Statutory Auditors of the Company forming part of the Company's Financial Statements does not contain any qualifications or observations or remarks made by the Statutory Auditors in their Report.

DIRECTOR'S REPORT (CONTD.)

39) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

As the Company is a Housing Finance Company, the disclosures regarding particulars of the loans made, guarantee given and security provided is exempted under the provisions of Section 186(11) of the Companies Act, 2013. As such the particulars of loans and guarantees have not been provided in this Report.

As regards investments made by the Company, the details of the same are provided under Note No. 8 forming part of the Audited Financial Statements for the year ended March 31, 2022.

40) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the financial year were in ordinary course of the business of the Company and were on arm's length basis. No contracts/ arrangements have been entered into by the Company with its Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company. Since all related parties transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. The transactions with related parties are disclosed in the Notes to Accounts in the Standalone Financial Statements of the Company for the year ended March 31, 2022.

The Related Party Policy which has been approved by the Board of Directors, the same has been placed on the website of the Company https://www.iiflhomeloans.com/corporate-governance

41) ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of energy

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

- Installation of capacitors to save power;
- Energy efficiency policies are under development for to ensure best practices within the office premises.
- The organization is in process of installing solar panels to generate electricity within the HQ building premises.
- Installation of occupancy sensors to turn off lights when not in use.
- Installation of Light Emitting Diode (LED) lighting fixtures across offices.
- Education and awareness programs for employees.
- Creating environmental awareness by way of distributing the information in electronic form.
- Energy audit of HQ premises was conducted in 2021.

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

Technology

The Company remains committed to investing in technology to provide it a competitive edge and business scalability. Digitization and analytics through all business processes has been the focus enabling agility, flexibility and relevance. The major highlights of the current year are as follows:

- The Company has introduced Loan against property in Jhatpat, which brings the Business Rule Engine advantage for LAP cases. This will also lead to decommission of the manual archaic loan origination system.
- The Company has implemented Credgenics – a SaaS based loan recovery platform – for legal recovery and collections call center. Legal Notices are now being sent digitally to the customers, eliminating physical notices altogether. In this platform, business rule engines can be also be implemented for better efficiency of collections team.
- The Company has automated customer service category workflows for resolution of tickets across channels like mobile app, website, chatbot and WhatsApp with DIY process for categories covering majority of the ticket volume.
- The Company has implemented Lead website with Business Rule Engine. With this bureau based Business Rule Engine, it is able to make better informed decision on the customers. Approved leads are directly assigned to sales team, removing the cost of lead call center and improving customer experience by eliminating the hassle of call center calls to customer.

DIRECTOR'S REPORT (CONTD.)

- The Company has integrated property module Tejora with Jhatpat. With this, it is able to tag the customer property on real time, give additional Debt-Burden Ratio (DBR) benefit to customer and sanction more accurate loan amount. This also reduces the effort of Credit Operations leading to faster disbursals.

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.

Foreign Exchange Earnings and Outgo

During the year under review, the details of Foreign Exchange earnings and Outgo of the Company are as under

Foreign Exchange earnings: - NIL

Outgo - ₹ 0.37 million towards recruitment services and ₹ 0.08 million towards AMC of Software (previous year: ₹ NIL)

42) ANNEXURE FORMING PART OF THIS REPORT OF DIRECTORS

The Annexure referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report of the Directors:

a. Report on Corporate Social Responsibility - **Annexure I**

b. 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 – **Annexure II**

c. Secretarial Audit Report- **Annexure III**

d. The Related Party Transaction Policy- **Annexure IV**

e. Report on Corporate Governance- **Annexure V**

f. Management Discussion and Analysis Report- **Annexure VI**

43) ACKNOWLEDGEMENTS

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the regulators, stock exchanges, other statutory bodies and Company's bankers for the assistance, cooperation and encouragement extended to the Company.

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

For and on behalf of the Board of Directors

Monu Ratra	**R. Venkataraman**
Executive Director & CEO	Director
DIN: 07406284	DIN: 00011919
Place: Gurugram	Place: Mumbai
Date: April 25, 2022	

ANNEXURE – I TO DIRECTORS' REPORT

The Annual Report on Corporate Social Responsibility (CSR) Activities of IIFL Home Finance Limited

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. OUTLINE OF CSR POLICY:

The CSR Policy and projects of IIFL Home Finance Limited are steered by the same values that guide the business of the IIFL Group of Companies. It can be summarized in one acronym – FIT, which stands for:

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

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

The focus areas prioritized by IIFL Home Finance Limited in its CSR strategy are given below:

- Creche – Learning center for children of migrant labourers
- Literacy initiative for Females
- Development of medical facilities at Government. hospitals
- Development of Infrastructure in Government schools
- Introduction of Electricity in Government schools
- Delivery of vaccines by drone
- Support to educational research program
- Fight against outbreak of Covid-19 pandemic

Support to shelter home and education of financially weaker group development of market place for women to promote livelihood.

The CSR Project of IIFL Home Finance Limited, is managed by India Infoline Foundation (generally referred as "IIFL Foundation") and in-house CSR team. The CSR Policy adopted by IIFL Home Finance Limited is available on the website of the Company: https://www.iiflhomeloans.com/corporate-governance.

COMPOSITION OF THE CSR COMMITTEE

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

Sl. 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. R Venkataraman	Chairperson	2	2
2	Mr. Kranti Sinha	Member	2	2
3	Mr. Monu Ratra	Member	2	2
4	Ms. Mohua Mukherjee*	Member	1	1

* Ms. Mohua Mukherjee was inducted to the CSR Committee with effect from October 21, 2021.

DETAILS ON CSR PROJECTS AND COMMITTEE MEMBERS

Further details on CSR Committee Members and the projects can be found over our website: https://www.iiflhomeloans.com/corporate-governance

IMPACT ASSESSMENT OF CSR PROJECTS

During the year under review, impact assessment was not applicable to the Company.

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

AMOUNT AVAILABLE FOR SET OFF

Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

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

PRESCRIBED CSR EXPENDITURE

1. Average net profit for last three financial years

The average net profit of IIFL Home Finance Limited of the last three financial years was calculated to be ₹ 5,224,943,155.83.

2. Prescribed CSR expenditure

In terms of the provisions of Section 135 of the Com;panies Act, 2013, the recommended CSR expenditure for the financial year 2021-22 of IIFL Home Finance Limited was ₹ 104,498,863.

3. Amount spent

During the financial year 2021-22, IIFL Home Finance Limited, spent ₹ 75,060,345, on various social development activities.

4. Amount unspent

₹ 30,300,000

Sl. No.	Particulars	Amount (in ₹)
a.	Two percent of average net profit of the Company as per section 135(5)	104,498,863
b.	Surplus arising out of the CSR projects or programs or activities of the previous financial years	NIL
c.	Amount required to be set off for the financial year, if any	NIL
d.	**Total CSR obligation for the financial year (7a+7b- 7c)**	104,498,863

DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

During 2021-22, IIFL Home Finance Limited, spent a total of ₹ 75,060,345 on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below.

a) 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 (in ₹)	Date of transfer	Name of the Fund	Amount	Date of transfer
75,060,345	30,300,000	April 15, 2022	NIL	NIL	NIL

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project.		(6) Project duration	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial year (in ₹)	(9) Amount transferred to Unspent CSR Account (in ₹)	(10) Mode of implementation - Direct (Yes/No)	(11) Mode of Implementation – Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Sakhiyon ki Badi	Promoting Education	No	Rajasthan	Pratapgarh, Udaipur, Rajsamand, Chittorgarh	4 years	66,853,487	36,553,487	30,300,000	No	IIFL Foundation	CSR00002470
	TOTAL							**36,553,487**	**30,300,000**			

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

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

(1)	(2)	(3)	(4)	(5)		(8)	(9)	(10)	(11)	
Sl. No.	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Amount spent in the current financial Year (in ₹)**	**Amount transferred to Unspent CSR Account**	**Mode of Implementation - Direct (Yes/No)**	**Mode of Implementation – Through Implementing Agency**	
				State.	**District.**				**Name**	**CSR Registration number.**
1	Chauras – Literacy center for children of labourers at construction site	Promoting Education	No	Uttar Pradesh	Gautam Budh Nagar	631,950	NIL	No	IIFL Foundation	CSR00002470
2.	IIM Udaipur	Promoting Education	No	Rajasthan	Udaipur	1,000,000	NIL	No	IIFL Foundation	CSR00002470
3.	Phulwari (Maa Bari)	Promoting Education	No	Rajasthan	Sarada	5,876,605	NIL	No	IIFL Foundation	CSR00002470
4.	Development at Govt. Hospital	Promoting Healthcare	No	Rajasthan	Udaipur	7,283,200	NIL	No	IIFL Foundation	CSR00002470
5.	Vaccine delivery using Drone	Promoting Healthcare	No	Maharashtra	Palghar	980,000	NIL	No	IIFL Foundation	CSR00002470
6.	Ambulance	Promoting Healthcare	No	Rajasthan	Udaipur	804,037	NIL	No	IIFL Foundation	CSR00002470
7.	Development of Ophthalmic ward	Promoting Healthcare	No	Rajasthan	Rajsamand	1,275,000	NIL	No	IIFL Foundation	CSR00002470
8.	Seva Kutir – Learning center	Promoting Education	No	Madhya Pradesh	Khandwa	3,473,333.33	NIL	No	IIFL Foundation	CSR00002470
9.	Govt. School – science laboratory	Promoting Education	No	Rajasthan	Rajsamand	1,000,000	NIL	No	IIFL Foundation	CSR00002470
10	Solar installation at Govt. School	Promoting Education	No	Maharashtra	Palghar	1,111,320	NIL	No	IIFL Foundation	CSR00002470
11	Mission Conquer Covid – Oxygen concentrators	Promoting Healthcare	No	Rajasthan	Udaipur, Pratapgarh, Rajsamand, Pali	7,353,600	NIL	No	IIFL Foundation	CSR00002470
12	Cycle Distribution for students (Girls)	Promoting Education	No	Maharashtra	Palghar	171,700	NIL	No	IIFL Foundation	CSR00002470
13	Developing Bazaar Hub – Gulabi Gaon	Eradicating Poverty	No	Maharashtra	Nashik	1,188,013	NIL	No	IIFL Foundation	CSR00002470
14	Vaccination Drive	Promoting Healthcare	No	Maharashtra	Mumbai	72,994	NIL	No	IIFL Foundation	CSR00002470
15	Chartered Financial Expert (CFX) Certification course	Poverty Alleviation	No	Maharashtra	Mumbai	910,440	NIL	No	IIFL Foundation	CSR00002470
16	Livestock Development Program	Livelihood	No	Rajasthan Karnataka Tamil Nadu	Ajmer Mandya Tiruppur	1,014,321	NIL	No	IIFL Foundation	CSR00002470
17	Resource creation to enable awareness of green affordable housing	Promoting Education	Yes	PAN India	PAN India	872,000	NIL	Yes	-	-
18	Kutumb Pro Mobile Application	Promoting Education	No	Haryana	Gurgaon	436,000	NIL	Yes	-	-
19	Pankh	Promoting Education	Yes	Rajasthan, Karnataka, Maharashtra, Telangana Haryana	Jaipur Bangalore Pune Hyderabad Gurgaon	2,779,300	NIL	No	TSL (GSS - NGO arm of TSL)	CSR00000264
20	Livelihood	Livelihood	Yes	Haryana	Gurgaon	273,045	NIL	No	Agency- Green Dream Foundation	CSR00000349
	TOTAL					**75,060,345**				

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

d) **Amount spent in administrative overheads:** NIL

e) **Amount spend on impact assessment:** Nil

f) **Total amount spent for the Financial Year under review:** ₹ 75,060,345

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

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

Sl. No.	Preceding Financial year	Amount transferred to Unspent CSR account under Section 135 (6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the fund	Amount (in ₹)	Date of transfer	
1.	2020-21	-	-	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2018-19	-	-	-	-	-	-
	TOTAL						

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration*	Total amount allocated for the project (in ₹)**	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project - Completed /Ongoing
1.	IIFL-CSR SKB01	Sakhiyon ki Baadi	2020-21	4	156,000,000	36,553,487	85,906,054	Ongoing
	TOTAL					**36,553,487**	85,906,054	

*Project duration is from the year of commencement of the Project

**Represents budget for the financial year 2020-21

Brief Description of Key Projects:

i. Sakhiyon ki Baadi - Girl Child Illiteracy Eradication program

It is a matter of great concern and shame that girls in large number continue to be out of school and remain illiterate. This problem is particularly severe in northern state of Rajasthan, the Company has vowed to change this in the next few years by starting community schools, which are multi grade multi-level schools and set in the villages, making it accessible for girls to get educated. Sakhiyon ki Baadi learning centers are teaching a predefined syllabus which is in alignment with the topics prescribed in the textbooks followed at Government Schools in Rajasthan.

The initiative covertly contributes to conservation of Indigenous languages, provides employment to native females and promotes skill building among the marginalized communities. The initiative is helping to meet three of the UN's Sustainable Development Goals – Quality Education, Gender Equality and Reduced Inequalities.

ii. Chauras – Learning center for children of laborers at construction site

Chauras is a learning center cum crèche for children of migrant construction site workers. The center operates from 9.00 am to 5:30 p.m., through the week, providing education, healthy meals and overall a place of safety for the children in age of 3 months to 15 years old.

Post lockdown, Chauras regained its operation observing the safety guidelines issued by the Health Ministry of India to prevent spread of Covid-19. Health check-ups and vaccinations are scheduled at regular intervals.

iii. Phulwari (Maa Bari)

Partnering with the Tribal Area Development (TAD) Department of Rajasthan, the Company upgraded the 'Maa Bari' learning centers by introducing Electricity through installation of Solar panels, facilitated water supply for drinking and sanitation, and introduced Digital Learning Tool (TV with preloaded learning videos), both powered by solar energy. On-boarding SAMPARK Foundation as an academic partner, a special emphasis is made to improve learning outcome of students through use of learning kits and regular training to the teachers.

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

The Project is planned to support education of 1000 girls in the state of Bihar, West Bengal, Odisha, Karnataka, Tamil Nadu, Rajasthan and Maharashtra. A set of selected students studying in 9th and 10th grade will be awarded a scholarship of ₹ 3,500 each, while those studying in 11th grade all the way till graduation shall receive a scholarship amounting to ₹ 5,000 each.

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

iv. Development at Government Hospitals – Udaipur, Rajasthan

Developing the dormant wards at the Maharana Bhupal Government Hospital, Udaipur (Rajasthan), to setup Operation Theatres (OT), Intensive Care (ICU), Outpatient Department (OPD), Cabins for Senior Doctors and Resident doctors and waiting area for family members of the patients.

The development is carried along with installation of required Medical Equipment in the OT, OPD and ICU and furnishing of the wards. (Ceiling, Flooring, Electrical Fixtures)

v. Vaccine Delivery using Drone

IIFL Foundation partnered with central and state Governments to start Maharashtra's first Covid-19 vaccine delivery through drones to reach the inaccessible terrains in Jawhar taluka of Palghar district.

This drone-based vaccine delivery is one of the country's first vaccine delivery operations with a 5 kg payload capacity and range of covering 25 kilometers in 9 mins, which otherwise takes over 70 minutes to cover by road (hilly region and poor road condition).

vi. Ambulance

Donated of an Ambulance (Rajasthan) to offer free of cost service to marginalized population dwelling in rural settlements.

vii. Development of Ophthalmic Ward (Rural)

IIFL Foundation helped to setup an Ophthalmic Ward at the Primary Health Center (PHC) at Khamnor (rural), Rajasthan. This is the first and only facility of such kind in the Khamnore village, that shall be beneficial to people residing in the rural hamlets in a radius of 30 kms from PHC. In next phase, IIFL Foundation is planning to setup Ophthalmic Surgery ward.

viii. Seva Kutir – Learning Centers

A set of community-based learning center for holistic development of children from marginalized communities. Children are offered special coaching to excel in academics, given nutritious meals twice a day and engaged in extra-curricular activities. A mini library with collection of 100 books is setup to improve reading and comprehension skills. Special sessions are conducted on value education covering themes as Self Awareness, Responsibility, Ethics and Morals. The programme functions in Khandwa District of Madhya Pradesh.

ix. Development at Government School – Science Laboratory

To improve infrastructure at Government Schools (Rural) and promote better facilities to students, we're constructing Science Laboratories, Computer room and Sanitation Facility at Govt. Girls Senior Secondary School (up to 12th grade), GP – Khamnore, Rajasthan. Each year, over 500 girls will be benefited from this facility and enable to pursue higher education and subsequently careers in science stream.

x. Solar Installation at Government Schools

With this initiative IIFL Foundation intends to provide decentralized energy system to 50 Primary Schools (Government) of Zilla Parishad at Palghar District (from Vikramgad, Jawahar, Mokhada and Wada), to not only fulfil their need for electricity, but also helping to use of digital learning systems (Computers and Android Tablets). The initiative helps to reduce Carbon Footprint and promotes SDG 7 – Affordable and Clean Energy.

xi. Mission Conquer Covid-19 – Oxygen Concentrators

IIFL Foundation donated oxygen concentrators at Rajasthan to Primary Health Care Centers (PHCs) and Government Hospitals. The machines were handed to the local authorities - District Collector (IAS) and Chief Medical and Health Officer (CMHO) of the respective blocks. The oxygen concentrators were installed at the Primary Health Care Center (PHCs) and panchayat offices at village level, to save lives of people that tested positive for Covid-19.

xii. Covid-19 Vaccination Drive for Individuals with Special Needs

As part of its mission 'Conquer Covid', IIFL Foundation initiated 'Kindness on Wheels' vaccination drive at Mumbai. This initiative was aimed at vaccinating the specially-abled individuals, who had no means or assistance to visit the vaccination center. A safe and sanitized auto rickshaw service was provided at the doorstep of the specially-abled individuals, along with a driver trained to support the individuals with special needs. About 1,000 individuals benefited from this initiative which included.

Individuals affected from blindness, low vision, hearing impairment, locomotor disability, autism spectrum disorder, cerebral palsy, muscular dystrophy, multiple sclerosis and multiple disabilities (including deaf-blindness), along with people who cured from leprosy..

xiii. Livestock Development Program

IIFL Foundation has initiated Livestock Development Program - Cattle in Rajasthan, Tamil Nadu and Karnataka to provide services/ inputs at the

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

doorstep of the cattle owners to encourage and maintain livestock rearing as a secondary source of income. The main objective of livestock development activities is to upgrade the local indigenous low milk-yielding cows and promote dairy produce, thus fostering development in livestock.

xiv. Pankh: de unke sapne ko udaan

IIFL Home Finance Limited has established learning centres (including creche and multi grade and multi level education delivery) for children of migrant construction workers, operational near the construction sites as IIFL HFL's Social Impact Program. Social impact Program. It endeavors to breakdown the barriers and bridge the gap between formal education and and children of migrant construction site workers.

We have launched 5 centres with total number of:

Women - 139

Children - 116

Community Size - 1094

xv. Coverage

Spreading knowledge on awareness and adaptation of sustainable lifestyle and Green Affordable Housing across groups through different mode of effective communications.

RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE

Through this report, IIFL Home Finance Limited seeks to communicate its commitment towards CSR to the Ministry of Corporate Affairs. The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policies as laid down in this Report. The Board of the Company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All projects reported have been selected based on careful evaluation of the extent to which they create sustainable positive outcomes for marginalized segments of society. The Company has adopted measures to ensure that these projects are implemented in an effective and efficient manner so that they are able to deliver maximum potential impact. In line with the requirements of the Section 135, the Company has also established a monitoring mechanism to track the progress of its CSR projects. The CSR Committee and the Board ensures that the funds disbursed have been utilized for the purpose and in the manner as approved by it and the Chief Financial Officer.

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

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

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

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

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

Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).

The unspent amount was pertaining to the ongoing projects and the same would be required and utilized over the period of three years as stipulated under the Companies Act, 2013

For IIFL Home Finance Limited

R. Venkataraman	**Monu Ratra**
Chairman	Executive Director & CEO
(DIN: 00011919)	(DIN: 0740628)
Place: Mumbai	Place: Gurugram
Date: April 25, 2022	

ANNEXURE –II 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, 201

Sr. No	Requirements	Disclosure	
1	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year.	Executive Chairman	NIL
		Executive Director & CEO	102.45%
		Non- Executive Director	
		Mr. S. Sridhar	2.84%
		Mr. Kranti Sinha	2.84%
		Mr. Nirmal Jain	NIL
		Mr. R. Venkataraman	NIL
		Ms. Suvalaxmi Chakraborty*	2.84%
		Ms. Mohua Mukherjee#	NIL
		Mr. Arun Kumar Purwar	NIL
2	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year.	Executive Chairman	NIL
		Executive Director & CEO	11%
		Non- Executive Director	
		Mr. S. Sridhar	NIL
		Mr. Kranti Sinha	NIL
		Mr. Nirmal Jain	NIL
		Mr. R. Venkataraman	NIL
		Ms. Mohua Mukherjee#	NIL
		Ms. Suvalaxmi Chakraborty*	NIL
		Mr. Arun Kumar Purwar	NIL
		KMPs other than Directors	
		Chief Financial Officer	18%
		Company Secretary	25%
3	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 9%. The calculation of % increase in median remuneration is done based on comparable employees. For this, the employees who were not eligible for any increment have been excluded.	
4	The number of permanent employees on the rolls of the Company	The Company had 2627 employees on the rolls as on March 31, 2022.	
5	Average percentile increases 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.	
6	Key parameters for any variable component of remuneration availed by Directors	The broad factors and guidelines considered for performance bonus are: (a) annual performance review by the Board (b) financial outcomes and profitability of the Company.	
7	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.	

- *Ms. Suvalaxmi Chakraborty ceased to be Director of the Company w.e.f. June 15, 2021 due to her resignation. She was paid commission of Limited 10,00,000 during the year under review for her contribution in the growth of the Company for financial year 2020-21.
- # Ms. Mohua Mukherjee was appointment as Director of the Company w.e.f. August 26, 2021.

For and on behalf of the Board of Directors of
IIFL Home Finance Limited

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Date: April 25, 2022

ANNEXURE –III TO DIRECTORS' REPORT

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

[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)
(Formerly known as India Infoline Housing Finance Limited)
IIFL House, Sun Infotech Park, Road No. 16V,
Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate,
Thane, 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 (Formerly known as India Infoline Housing 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. 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, 2022,** 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, 2022 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 applicable. Further, there were no compliances required relating to Foreign Direct Investment, Oversees Direct Investment except External Commercial Borrowings during the period under review.

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 including the provisions with regard to disclosures and maintenance of records required under the said Regulations; **[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) Regulations, 2014; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**

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

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

   vii. 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;

   viii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**

   ix. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; **[Not**

ANNEXURE –III TO DIRECTORS' REPORT (Contd.)

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 and 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 and 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. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. Notification No. G.S.R 186 (E) dated March 19, 2020 read with Notification No. G.S.R 806 (E) dated December 30, 2020 issued by the Ministry of Corporate Affairs to conduct the Meetings of the Board or its committees through Video Conferencing (VC) or other audio-visual means (OAVM).

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, or any other norms, mentioned above subject to observations elsewhere mentioned in the report.

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 in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act:

i. Ms. Suvalaxmi Chakraborty (DIN: 00106054), Independent Director of the Company tendered her resignation from the Directorship of the Company with effect from June 15, 2021, and the same was noted in Board Meeting held on July 24, 2021.

ii. Ms. Mohua Mukherjee (DIN: 08714909) had been appointed as an Additional Director (Independent Director) of the Company via Circular Resolution No. 02/Board/2021-22 on August 26, 2021. Further appointment of Ms. Mohua Mukherjee was confirmed in the 24th Extraordinary General Meeting ("EGM") held on September 30, 2021.

Adequate notice(s) 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 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.

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.

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.

ANNEXURE –III TO DIRECTORS' REPORT (Contd.)

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 or any other, referred to above:

i. During the period under review, the Board in its meeting held on June 10, 2021 has accorded approval to invest by way of subscription of 3,05,25,030 (Three Crore Five Lakh Twenty-Five Thousand and Thirty) Equity shares of **Samasta Microfinance Limited**, an Associate Company being 25% of the total issue size at a price of Limited 16.38 per equity share aggregating to Limited 49,99,99,991.40 on Rights Basis. Further the Finance Committee in its meeting held on March 31, 2022 has accorded approval to invest by way of subscription of 1,38,27,433 (One Crore Thirty-Eight Lakh Twenty-Seven Thousand Four Hundred and Thirty-Three) Equity shares of **Samasta Microfinance Limited,** an Associate Company being 25% of the total issue size at Limited10 each at a price of Limited 18.08 per equity share aggregating to Limited 25 crore (Rupees Twenty Five Crore Only) on Rights Basis.

ii. The Finance Committee of the Board in their meeting held on September 17, 2021 provided their consent to incorporate a Wholly Owned Subsidiary of the Company named **"IIHFL Sales Limited"** and the same was incorporated on September 28, 2021.

iii. Pursuant to RBI's Circular No. DoS. CO.ARG/SEC.01/08.91.001/2021-22 ("RBI Circular") dated April 27, 2021 the term of office for M/s. M.P. Chitale & Co., Chartered Accountants, (Firm Registration Number:101851W) Statutory Auditors of the Company has been revised from a term of 5 years to a term of 3 years, i.e. till the Financial Year 2022-23 in the Board Meeting dated September 28, 2021. Further for the remainder of this revised term, M/s. MP Chitale & Co. were designated to act as Joint Statutory Auditors of the Company. Also, the said revision in tenure of Auditors, was approved in the 24th Extraordinary General Meeting ("EGM") held on September 30, 2021.

iv. Pursuant to the RBI Circular M/s. Suresh Surana & Associates LLP, Chartered Accountants, (Firm Registration Number: 121750W/W100010) were appointed as Joint Statutory Auditors with the existing Statutory Auditors in the Board Meeting held on September 28, 2021. Further, the appointment of M/s. Suresh Surana & Associates LLP, was confirmed in the 24th Extraordinary General Meeting ("EGM") held on September 30, 2021 and they were appointed as the Statutory Auditors of the Company for a further period of 3 years in the said EGM.

v. During the period under review, the Company has made two allotments of 6,558,231 and 4,043,868 each of Unsecured and Secured Redeemable Non-Convertible Debentures respectively to the Public having value of Limited 1,000 (Rupees One Thousand Only) each, aggregating to 655,82,31,000 in Tranche I and 404,38,68,000 in Tranche II.

vi. The Board of Directors of the Company in its meeting held on January 25, 2022 provided their consent to offer, Secured/Unsecured/ Listed/Unlisted/ Rated/ Unrated/ Non - Convertible/ Market Linked/ Subordinated Debt/ Perpetual Debentures/Fixed Maturity Debentures, aggregating to 2,000 crore on private placement basis during the financial year 2022-23, (i.e. April 1, 2022 to March 31, 2023), in one or more tranches and delegated the necessary powers to the Finance Committee.

vii. The Company has declared interim dividend @ ₹ 30 per share on January 25, 2022 in compliance of the applicable provisions stated in the Act.

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

Place : New Delhi	**CS Manish Gupta**
Date: April 25, 2022	Partner
UDIN: F005123D000198998	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 –III TO DIRECTORS' REPORT (Contd.)

The Members

IIFL Home Finance Limited

(Formerly known as India Infoline Housing Finance Limited)

Our Secretarial Audit Report of even date, for the financial year ended March 31, 2022 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.
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 and examination of records, as facilitated by the Company, for the purpose of issuing this Report.

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

Place : New Delhi
Date: April 25, 2022
UDIN: F005123D000198998

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

Related Party Transaction Policy

IIFL HOME FINANCE LIMITED

I. OBJECTIVE

To ensure that all transactions with the related parties are properly identified, reviewed and approved pursuant to the applicable law. This policy applies to any transaction where the Company is a participant, and the Related Party has or will have a direct or indirect material interest in the transaction. This Policy may be amended at any time and is subjected to further guidance from the Audit Committee/ Board of Directors.

II. GUIDING ACT/REGULATIONS/RULES

a) The Companies Act, 2013 and rules made there under

b) SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015("Listing Regulation") as amended from time to time

c) Ind AS - 24

III. DEFINITIONS

(i) **Audit Committee** or **Committee** means Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013.

(ii) **Board** means the Board of Directors of the Company.

(iii) **Control** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

(iv) **Key Managerial Personnel** means key managerial personnel as defined under the Companies Act, 2013

(v) **Material Related Party Transaction** mean transactions as defined under Regulation 23(1) and 23(1A) of Listing Regulations

(vi) **Material Modification** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/ Board/Shareholders, as the case may be.

(vii) **Policy** means the Policy on Related Party Transactions

(viii) **Related Party shall have** the same meaning as defined under Regulation 2(1)(zb)of Listing Regulation and sub-section (76) of Section 2 of the Companies Act, 2013 and applicable Accounting Standard.

(ix) **Relative** has the same meaning as described in the Companies Act, 2013, which is defined as follows:

Pursuant to Section 2(76) of the Companies Act, 2013 a "related party", with reference to a Company, means-

(i) Adirector or his relative;

(ii) Akey managerial personnel or his relative;

(iii) Afirm, in which a director, manager or his relative is a partner;

(iv) Aprivate Company in which a director or manager is a member or director;

(v) Apublic Company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;

(vi) Any Body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

(vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity

(viii) Any Company which is-

(A) A holding, subsidiary or an associate Company of such Company; or

(B) A subsidiary of a holding Company to which it is also a subsidiary;

(ix) Suchother person as may be prescribed;

As per Rule 3 of the Companies (Specification of definitions details) Rules, 2014,

Related Party - For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director other than an independent director or key managerial personnel of the holding Company or his relative with reference to a Company, shall be deemed to be a related party.

IV. RELATED PARTY TRANSACTIONS (RPT):

V. Following shall mean related party transactions:

(a) Related Party Transactions or RPTs means transactions as given under Section 188 of the Companies Act, 2013 including Rules thereof and as defined in Regulation 2(1)(zc) of the Listing Regulations.

ANNEXURE –IV TO DIRECTORS' REPORT (Contd.)

(b) As per Section 177 of the Companies Act, 2013 and Rules framed thereunder the approval of Audit Committee is required for any transactions of the Company with related parties including any subsequent material modification thereof. Further, the Audit Committee may make omnibus approval for related party transactions proposed to be entered into, by the Company subject to such conditions, as may be required under the Companies Act, 2013 and Rules framed thereunder, Listing Regulation, RBI Directives and other applicable law.

Note: Any definition not mentioned above shall have the same meaning as defined under the Companies Act, 2013, Listing Regulations and applicable Accounting Standard.

VI. COMPLIANCES/APPROVALS/PROCESSES WITH RESPECT TO RELATED PARTY TRANSACTIONS

In compliance and as provided in Section 188 of the Companies Act, 2013 and the Listing Regulation the following process is put in place, the following process is put in place:

A. Approval of the Audit Committee

1. All proposed related party transactions/ arrangements or any modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arms length and in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.

   a. All proposed related party transactions/ arrangements or any and subsequent material modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arm's length and in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.

   However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

   i. The Audit Committee lays down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

   ii. while granting omnibus approval, the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

   iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

   Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction.

   iv. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

   v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

   vi. Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

   vii. With effect from April 1, 2023, Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the standalone turnover, as per the last audited financial statements of the subsidiary Company;

viii. However, prior approval of the audit committee of the Company shall not be required for a Related Party Transaction to the subsidiary of the Company is itself listed entity, to which the provisions of Regulation 23, 15(2) and other specified provisions of Listing Regulations are applicable.

However Related Party Transaction of unlisted subsidiary of a listed subsidiary, prior approval of the Audit Committee of the listed subsidiary shall suffice.

ix. All subsequent Material Modification(s) to Related Party Transaction(s) to which the subsidiary of the Company is a party but the Company is not a party, unless such transaction is 'exempt' under Listing Regulations, shall be placed before the Audit Committee of the Company for prior approval.

B. Approval of the Board

Related Party Transactions as defined under Section 188 of Companies Act, 2013 which are not in ordinary course of business and/or not on arms length basis or any subsequent modification thereto, will be placed before the Board for its approval.

C. Approval of Shareholders

i. All Material Related Party Transactions and any subsequent material modification as defined above shall require prior approval of the shareholders through ordinary resolution. However, prior approval of shareholders of the Company shall not be required for such cases as may be prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended or as notified by any regulatory authority.

ii. Further, all Material Related Party Transaction(s) and subsequent Material Modification(s), to which the subsidiary of the Company is a party but the Company is not a party, unless such transaction is exempt under Listing Regulations, shall require prior approval of the shareholders of the Company

Provided that if such subsidiary of the Company is itself a Listed Entity to which the provisions of Regulation 23, 15(2) and other specified provisions of Listing Regulations are applicable, then such Material Related Party Transaction(s) and subsequent Material Modification(s) need not be placed before the shareholders of the Company prior approval of shareholders of such Listed Subsidiary shall suffice.

A. Materiality Threshold:

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% and for the brand usage or royalty at 5% of the annual consolidated turnover of the Companyas per last audited financial statements of the Companyfor the purpose of Regulation 23(4) of the SEBI Listing Regulations.

With effect from April 1, 2022, other than for brand usage or royalty, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

D. Review of RPTs by Audit Committee

Review of transactions with related parties pursuant to Indian Accounting Standard – 24, on quarterly basis.

E. Disclosure

i. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

ANNEXURE –IV TO DIRECTORS' REPORT (Contd.)

ii. The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same.

VII. CRITERIA/DOCUMENTS/PROCESS FOR ALL TRANSACTIONS WITH RELATED PARTIES

a) For all the transactions, due documentation by way of contract/agreement/ bills/invoices/ should be in place.

b) All the related party transactions shall be subject to the applicability, limits, enablement and other conditions as prescribed under the applicable Acts, Rules, Regulations and circulars and guidelines of Regulatory authorities including RBI, NHB, SEBI, MCA, Income Tax, and more

c) In case of infrastructure and common sharing arrangement, the terms of arrangement including the nature and quality of services, consideration and other terms and conditions shall be as comparable with the terms if availed from the market/third parties.

d) In case of purchase/ sale of fixed assets or other assets, the same shall be at market prices or per the valuer certificate.

e) Related Party Transaction shall be approved after assessing all material terms and conditions of the transaction and ensure that the terms are comparable with the market rates/practices at the particular point of time and on arm's length-basis. The following information will be taken into account when assessing a Related Party Transaction:

a. The terms of such transaction;

b. The related person's interest in the transaction;

c. The purpose and timing of the transaction;

d. The nature of the Company's participation in the transaction;

e. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs-basis

f. Information concerning potential counterparties in the transaction;

g. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction

h. Any other relevant information regarding the transaction.

f) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting, should be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. If the said ratification is not done such contract or arrangement shall be voidable at the option of the Board;

Any other regulatory changes in this regard will stand updated in the policy from time-to-time.

For and on behalf of the Board of Directors

Monu Ratra	**R. Venkataraman**
Executive Director & CEO	Director
DIN: 07406284	DIN: 00011919
Place: Gurugram	
Place: Mumbai	
Date: April 25, 2022	

ANNEXURE –V TO DIRECTORS' REPORT

Report on Corporate Governance

This Corporate Governance Report relating to the year ended on March 31, 2022 was prepared in compliance with the applicable provisions of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof and forms a part of the Director's Report to the Members of IIFL Home Finance Limited (the Company).

Company's Philosophy

The Company consistently focuses on following the highest standards of governance. The Company envisions becoming the most respected Company in financial services space and firmly believes that highest degree of corporate governance is the key to achieve it and emphasizes on implementing the robust, resilient and best corporate practices in every facet of its operations and activities. The Company sees corporate governance standard beyond the compliance of regulatory norms. Transparency, fairness, integrity, effective internal control at each level of operations in each business transactions, adequate and prompt disclosure to respective stakeholders are the key ingredients to the corporate governance.

The ultimate responsibility to oversee the corporate governance lies with the Board of Directors and the changing environment of stakeholder stewardship has greater influence on the quality of the board and its composition, skills. The Company has adequate mix of the Board with majority of Independent Directors and the entire Board is from financial services background with demonstrated skill sets and relevant experience which bring rich experience of financial services into the Company. The Board constituted various committees of Directors and/or officers those were mandated under the Companies Act, by National Housing Bank/Reserve Bank of India through its various Policy Circulars/Directions and those were warranted for smooth operations of the Company. The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activity of the Company. The responsibility of the Board as a whole, and Terms of Reference Committees are provided in this Report.

1) BOARD OF DIRECTORS

Composition of the Board of Directors

The Company has adequate mix of the Board with majority of Independent Directors (including one woman as Independent Director) in line of provisions of the Companies Act, 2013 (the Act) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time-to-time. 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, 2022, the Board of the Company consisted of seven directors. The Chairman of the Board is an Executive Director and majority of the Board comprises Non-Executive and Independent Directors. None of the Directors of the Company are related to each other. The composition of the Board is as follows:

Category	Name of Director
Independent Director	Mr. S. Sridhar
	Mr. Kranti Sinha
	Mr. Arun Kumar Purwar
	Ms. Mohua Mukherjee
	Mr. Suvalaxmi Chakraborty*
Non Executive other than Independent Director	Mr. Nirmal Jain
	Mr. R Venkataraman
Executive Director & CEO	Mr. Monu Ratra

*Ms. Suvalaxmi Chakaraborty resigned as Director of the Company with effect from June 15, 2021.

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

2) MATRIX CHART OF CORE SKILLS/EXPERTISE/ COMPETENCIES OF THE BOARD MEMBERS

Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds. For the purpose of Board composition, diversity includes, but is not limited to, educational and functional background, industry experience, geography, age, insider status, gender and ethnicity.

The skills and backgrounds collectively represented on the Board reflect the diverse nature of the business environment in which the Company operates.

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

Sr. No.	Skills/expertise/ competence	Mr. S. Sridhar	Mr. Kranti Sinha	Mr. Arun Kumar Purwar	Ms. Mohua Mukherjee	Mr. Nirmal Jain	Mr. R Venkataraman	Mr. Monu Ratra
1	Knowledge of Sector	✓	✓	✓	✓	✓	✓	✓
2	Accounting and Finance	✓	✓	✓	✓	✓	✓	✓
3	Corporate Governance and Compliances	✓	✓	✓	✓	✓	✓	✓
4	Marketing Experience	✓	✓	✓	✓	✓	✓	✓
5	Strategy Development and Implementation	✓	✓	✓	✓	✓	✓	✓
6	Information Technology	✓	✓	✓	✓	✓	✓	✓
7	Stakeholders Relationship	✓	✓	✓	✓	✓	✓	✓
8	Risk Management System	✓	✓	✓	✓	✓	✓	✓
9	CEO/Senior Management Experience / Leadership	✓	✓	✓	✓	✓	✓	✓

Brief profile of Directors is as follows

Mr. S. Sridhar is an eminent personality in the Banking and Finance industry and has held several senior positions in retail, corporate and export/import banking in his career of over 45 years culminating as the Chairman of NHB and Central Bank of India. In his stint as Chairman and Managing Director of the NHB, he was responsible for a number of new initiatives such as the NHB Residex, Rural Housing Fund and Reverse Mortgage for senior citizens. Prior to this, he was associated with Export Import Bank of India as Executive Director as well as State Bank of India in the early part of his career.

List of Directorship in other listed Company	Name of Company	Category of Directorship
	Go Fashion (India) Limited	Independent Director and Chairman
	Strides Pharma Science Limited	Independent Director
	Jubilant Pharmova Limited	Independent Director
	Shriram Transport Finance Company Limited	Independent Director

Mr. Kranti Sinha is an Independent Director of our Company. He is a renowned person in insurance and housing finance industry. He served as the director and chief executive of LIC Housing Finance Limited and concurrently as the managing director of LICHFL Care Homes Limited. He was also the Deputy President of the Governing Council of Insurance Institute of India and was a member of the Governing Council of National Insurance Academy.

List of Directorship in other listed Company	Name of Company	Category of Directorship
-	-	-

Mr. Arun Kumar Purwar works as Chairman of Eroute Technologies Private Limited, a fintech Co. He also works as an Independent Director in Companies across diverse sectors like power, telecom, steel, engineering consultancy, pharma and

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

financial services. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India ("SBI") from 2002 to 2006 and Chairman of the Indian Bank Association during 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala and was 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.

List of Directorship in other listed Company	Name of Company	Category of Directorship
	IIFL Finance Limited	Independent Director
	Balaji Telefilms Limited	Independent Director
	Alkem Laboratories Limited	Independent Director

Ms. Mohua Mukherjee is an Independent Director on our Board of Directors. She is a professional with over three decades of experience in development economics and has worked with World Bank in Washington DC and has led policy dialogue and formulated investment projects in relation to the UN's Millennium Development Goals and later the Sustainable Development Goals. She has led the India Solar Energy Team of the World Bank and designed the USD 640 million blended finance Solar Rooftops project with the State Bank of India. She has also worked for Citibank and ABN Amro in Kenya. She is currently a World Bank consultant and she is Advisor to the India Smart Grid Forum. She has a Bachelor's and Master's Degree in Economics, with distinction, and a Master of Business Administration degree in International Finance, all from Boston University. She also has a certificate in Public Private Partnerships from the Harvard Kennedy School.

List of Directorship in other listed Company	Name of Company	Category of Directorship
-	-	-

Mr. Nirmal Jain is one of the original Directors of our Company. He holds a Bachelor's Degree in Commerce from University of Mumbai. He is a fellow member of the Institute of Chartered Accountants of India (held the 2nd rank) and also a Cost Accountant. He holds a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He started his career in 1989 with Hindustan Lever Limited, the Indian arm of Unilever, where he handled a variety of responsibilities, including export and trading in agro-commodities. In 1995, he founded India Infoline Limited (earlier known as Probity Research and Services Private Limited). He is currently the Chairman of IIFL Finance Limited.

List of Directorship in other listed Company	Name of Company	Category of Directorship
	IIFL Finance Limited	Chairman and Managing Director
	IIFL Wealth Management Limited	Non Executive Director

Mr. R. Venkataraman is the Co-Promoter and Managing Director of IIFL Finance Limited. He holds a B.Tech from Indian Institute of Technology, Kharagpur and MBA from Indian Institute of Management IIM, Bangalore. He joined the IIFL Group in July 1999 and has been on the Board of Directors of the Company since its inception. He was instrumental in establishing various line of businesses over the past 19 years. He previously held senior managerial positions at ICICI Limited, including ICICI Securities, its investment banking joint venture with JP Morgan, and Barclays BZW. He worked as Assistant Vice President with GE Capital Services India in its private equity division. He has a varied experience of more than 26 years in the Financial Services sector.

Mr. Monu Ratra is a Graduate of Architecture and MBA with over 21 years of work experience in the Financial services industry. Mr. Ratra was instrumental in growth of IIFL Home Finance Limited's loan book substantially during the past three years. Under his leadership, IIFL Home Finance Limited has aspired to become key player in affordable Housing segment and to serve the need of Housing Finance, especially, of those who are underserved or untouched. Prior to joining IIFL Group, he was associated with Indiabulls Housing Finance Limited as the National Business Manager, where he was responsible for setting up and building the Retail home loan business along with their Home Equity business. Mr. Ratra has also served HDFC Limited., ICICI Bank.

List of Directorship in other listed Company	Name of Company	Category of Directorship
-	-	-

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

3) BOARD MEETINGS AND DIRECTORSHIP/ COMMITTEE MEMBERSHIP(S) OF DIRECTORS

During the year under review, eight (7) Board Meetings were held on the following dates: April 22, 2021; April 28, 2021; June 10, 2021; July 24, 2021; September 28, 2021; October 21, 2021; January 25, 2022. As mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof, none of the Directors on the Board of the Company is member of more than ten (10) specified Committees and none is a Chairman of more than five (5) specified Committees in which they are Directors across all the Indian Public Limited Companies except Companies incorporated under Section 8 of the Companies Act, 2013. None of the Independent Directors serves as an Independent Director in more than seven (7) listed entities (Equity Listed). None of the Directors holds directorship in more than seven (7) listed entities (Equity Listed). None of the Whole Time Director/Managing Director serves as an Independent Director in more than three (3) listed entities. Further none of our Independent Directors serve as Non-Independent Director of any Company, on the Board of which any Non-Independent Director is an Independent Director.

The Company has received necessary disclosures from all the Directors regarding Committee positions held by them in other Companies. The table below gives the details of the names of the members of the Board, their category, their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting (AGM), their Directorships, Committee Memberships and Chairmanships in Indian Companies as on March 31, 2022:

Name of the Director (DIN)	Date of original appoint ment	Category	Number of Board meetings attended during the year	Attendance at last AGM	Directorships in Indian Public Limited Companies (including IIFL Home Finance Limited)	Membership of Committees (including IIFL Home Finance Limited)	
						Member	Chairman
Mr. S. Sridhar	October 01, 2013	Chairman and Independent Director	7	Yes	9	6	5
Mr. Kranti Sinha	Ocotber 01, 2013	Independent Director	7	Yes	NIL	2	-
Mr. Arun Kumar Purwar (DIN: 00026383)	August 22, 2019	Independent Director	7	No	4	2	2
Ms. Mohua Mukherjee	August 26, 2021	Independent Director	3	No	1	1	-
Mr. Nirmal Jain (DIN:00010535)	December26, 2006	Non-Executive Director	7	No	3	-	-
Mr. R. Venkataraman (DIN: 00011919)	December 26, 2006	Non-Executive Director	7	Yes	6	4	1
Mr. Monu Ratra (DIN: 00026383)	January28, 2016	Executive Director and CEO	7	No	2	2	-

1. The Committees considered for the above purpose are those prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz. Audit Committee and Stakeholders Relationship Committee.
2. The membership count also includes the count in which the Director is Chairman.

4) BOARD LEVEL PERFORMANCE EVALUATION

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

The criteria for performance evaluation are as under:

For Chairman

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

For Executive Directors

The criteria for evaluation of Executive Directors, inter alia, includes their ability to elicit inputs from all members, ability to table and openly discuss challenging matters, attendance and participation at meetings, integrating quality and re-engineering, 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 group.

For Non-Executive Directors (including Independent Directors)

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

For Board as a whole

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

5) SEPARATE MEETINGS OF THE INDEPENDENT DIRECTORS

In compliance with the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held on March 23, 2022, inter alia, to review the following:

- Performance of Non-Independent Directors and the Board as a whole;
- Performance of the Chairperson of the Company;
- Assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board, which is necessary for the Board to effectively and reasonably perform their duties;

The Independent Directors expressed their satisfaction with overall functioning and implementations of their suggestions.

The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, the cohesiveness that exists amongst the Board Members, the two-way candid communication between the Board and the Management and the openness of the Management in sharing strategic information to enable Board Members to discharge their responsibilities.

Familiarization programme for Independent Directors

In accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid a Familiarization Program 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. Further, the Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings on business, operations and performance updates of the Company. Quarterly updates on relevant statutory and regulatory changes applicable to the Company are discussed at the Board meetings. The details of such familiarization programs of the Company may be accessed on the website of the Company i.e. https://www.iiflhomeloans.com/ investor-relations/corporate-governance.

Meetings of the Board

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

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

- Board Meeting Location: The location of the Board/Committee Meetings is informed well in advance to all the Directors. Each Director is expected to attend the Board/Committee Meetings. Video conference facility is made available to facilitate Directors travelling/residing abroad or at other locations to participate in the Board/Committee Meetings. In light of the unprecedented times faced by the companies due to Covid-19 outbreak in India, the Ministry of Corporate Affairs (MCA) has granted relaxation with regard to the requirement of physical presence of the Directors at the Board meeting and therefore all the Board meetings were held through video conferencing or other audio-visual means.
- Notice and agenda distributed in advance: The Company's Board/Committee members are presented with detailed notes along with the agenda papers which are circulated well in advance of the Meeting. The Company has implemented App based e-Meeting system accessible through secured iPads provided to the Directors and key officials. The agenda, presentation, notes and minutes are made available to the Board and Committee Members.
- The Company Secretary in consultation with the Chairperson of the Board/Committees sets the Agenda for the Board/Committee Meetings. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the Meeting. Wherever it is not practical to attach any document to the Agenda, the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.
- Other Matters: The senior management team of the Company is advised to schedule its work plans in advance, particularly with regard to matters requiring discussions/decision with the Board/Committee Members.
- Presentations by the Management: The Board/Committee is given presentations, wherever practicable covering finance, sales, marketing, major business segments and operations of the Company, global business environment including business opportunities, business strategy, risk management practices and operating performance of the Company before taking on record the financial results of the Company.
- Access to employees: The Directors are provided free access to officers and employees of the Company. Whenever any need arises, the Board/Committee Members are at liberty to summon the personnel whose presence and expertise would help the Board to have a full understanding of the issues being considered.

Information Supplied to the Board/Committees

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

Business plan and updates thereof, quarterly, half yearly and annual results of the Company as per the format prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- Minutes of the Meetings of the Board and all other Committees of the Board
- 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
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, if any
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property, if any
- Any significant development in human resources/industrial relations front, as and when it occurs
- Sale of material nature of investments, assets which are not in the normal course of business Quarterly details of foreign exchange exposures

and the steps taken by the Management to limit the risks of adverse exchange rate movement, if material

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

Minutes of the Meetings

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

Post meeting follow-up mechanism

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

Confirmation of Independence

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

Board Committees

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

Audit Committee

Composition of the Audit Committee as on March 31, 2022 and number of the meetings held and attended by the members of the Committee during the financial year 2021-2022 are summarized below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. S. Sridhar	Chairman	Independent Director	6	6
Mr. Kranti Sinha	Member	Independent Director	6	6
Mr. R Venkataraman	Member	Non Executive Director	6	6
Ms. Suvalaxmi Chakraborty*	Member	Independent Director	6	2

* Ms. Suvalaxmi Chakraborty ceased to be Director of the Company with effect from June 15, 2022.

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

The Chairman of the Audit Committee was present at the last Annual General

i. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company

ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process

iii. Examination of the Financial statement and the Auditors' report thereon

iv. Approval or any subsequent modification of transactions of the Company with related parties

v. Scrutiny of inter-corporate loans and investments

vi. Valuation of undertakings or assets of the Company, wherever it is necessary

vii. Evaluation of internal financial controls and risk management systems

viii. Monitoring the end use of funds raised through public offers and related matters

ix. Appointment of internal auditor

x. The Audit Committee have such powers and it performs such functions as may be required

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

under the Companies Act, 2013 and such other applicable Regulations as may be notified by Securities and Exchange Board of India, National Housing Bank/Reserve Bank of India and other regulators from time-to-time

During the year under review, the Audit Committee met six times i.e. on April 28, 2021, June 10, 2021, July 24, 2021, September 28, 2021; October 21, 2021 and January 25, 2022.

Nomination and Remuneration Committee

In terms of the provisions of section 178 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Board constituted a Nomination and Remuneration Committee of the Directors.

The terms of reference of the Nomination and Remuneration Committee, inter alia, includes the following:

i. Identify persons who are qualified to become directors and who may be appointed in senior management recommend to the Board their appointment and removal

ii. Carry out evaluation of every director's performance

iii. Formulate the criteria for determining qualifications, positive attributes and independence of a director

iv. Recommend a policy to the Board, relating to the remuneration for the directors, key managerial personnel and other employees To devise policy on:

a. Remuneration including any compensation related payments of the Directors, Key Managerial Personnel and other employees and recommend the same to the Board of the Company

b. Board diversity laying out an optimum mix of Executive, Independent and Non-Independent Directors keeping in mind the needs of the Company

v. The Nomination and Remuneration Committee have such powers and it performs such functions as may be required under the Companies Act, 2013 and such other applicable Regulations as may be notified by Securities and Exchange Board of India, National Housing Bank/Reserve Bank of India and other regulators from time-to-time.

During the year under, the Nomination and Remuneration Committee met twice on April 28, 2021 and August 24, 2021.

Composition of the Nomination and Remuneration Committee as on March 31, 2022 and number of the meetings held and attended by the members of the Committee during the financial year 2021-2022 are summarized below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. S. Sridhar	Chairman	Independent Director	2	2
Mr. Kranti Sinha	Member	Independent Director	2	2
Mr. R Venkataraman	Member	Non-Executive Director	2	2

Stakeholders Relationship Committee

Since the Company had issued Non Convertible Debentures to public (public issue), the number of debenture holders had increased beyond thousand in number. Therefore, the Board of Directors, at its meeting held on July 24, 2021, constituted a Stakeholders Relationship Committee of the Board In terms of the provisions of section 178 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder.

The terms of reference of the Nomination and Remuneration Committee, inter alia, includes the following:

i. Review of investors' complaints and their redressal

ii. Review and approval of the queries/requests received from the investors/shareholders

iii. As may be prescribed by the Board from time to time or prescribed under any statutory or regulatory provisions

During the year under, the Stakeholders Relationship Committee met once on March 24, 2022.

The composition of the Stakeholders Relationship Committee as on March 31, 2022 and number of the meetings held and attended by the members of the Committee during the financial year 2021-2022 are summarized below:

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Kranti Sinha	Chairman	Independent Director	1	1
Mr. R Venkataraman	Member	Non-Executive Director	1	1
Mr. Monu Ratra	Member	Executive Director and CEO	1	1

The Stakeholders Relationship Committee was constituted after last Annual General Meeting of the shareholders held on June 11, 2021.

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

The details of the complaints are given below:

During the year 2021-22, the Company received three complaints from Non-Convertible Debenture holders (investors) including complaints received through SEBI's SCORES portal. The complaints were redressed to the satisfaction of the investors.

Sr. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	-
2	Investor complaints received during the year	3
3	Investor complaints disposed off during the year	3
4	Investor complaints remaining unresolved at the end of the year	-

Corporate Social Responsibility (CSR) Committee

In terms of the provisions of Section 135 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Board has constituted a CSR Committee.

The terms of reference of the CSR Committee is governed by the provisions of section 135 of the Companies Act, 2013 read with the applicable rules and such modification or amendments as made thereto from time-to-time.

The terms of reference of the CSR Committee, inter alia, includes the following:

a. Consider any matters relating to the social, charitable, community and educational activities, expenditures and related publications of the Company and its subsidiary companies that it determines to be desirable. In addition, the CSR Committee shall examine any other matters referred to it by the Board

b. Maintain the Company's CSR policy framework (e.g. environment, human rights and responsible business conduct) in line with best practice and the appropriate international standards and guidelines

c. Receive reports and review activities from executive and specialist groups managing CSR matters across the Company's operations

d. consider and propose an annual budget for CSR activities to the Board

During the year under review, the CSR Committee met twice on October 21, 2021 and March 24, 2022.

The composition of the CSR Committee as on March 31, 2022 and number of the meetings held and attended by the members of the Committee during the financial year 2021-2022 are summarized below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. R Venkataraman	Chairman	Non-Executive Director	2	2
Mr. Kranti Sinha	Member	Independent Director	2	2
Mr. Monu Ratra	Member	Executive Director & CEO	2	2
Ms. Mohua Mukherjee*	Member	Independent Director	1	1

*Ms. Mohua Mukherjee was inducted to CSR Committee with effect from October 21, 2021.

The Company Secretary acts as secretary to the CSR Committee.

Risk Management Committee

The Board of Directors constituted Risk Management Committee comprising of Directors and senior officials of the Company. The composition of the Risk Management Committee is provided below:

The terms of reference of the Risk Management Committee are in line with guidelines prescribed by NHB/RBI and SEBI which, inter alia, includes the following:

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

a. To identify the various types of risks involved in the business, both financial and non financial risk, internal and external, operational, sustainability and ESG related risk

b. To define the methodology to measure/quantify the risks

c. To control and mitigate the variety of risks involved in business

d. To specify the risk tolerance of the Company

e. To ensure regulatory and statutory compliance on risk management and prudential norms,

f. To improve the assets quality of the Company by using risk management tools

g. To maximize the profit of the Company,

h. To maximize the return on equity with an acceptable level of risk, for the purpose of protecting, preserving and increasing the net worth of the Company

i. To ensure business continuity and to avoid accidents and disasters. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company

j. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken

k. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee

l. Periodically review the Risk Management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity

m. To strengthen internal control and prevent unauthorized and improper access to data, thereby ensuring the appropriate protection of information assets i.e. risk related to cyber security

n. To monitor and oversee implementation of the Risk Management policy, including evaluating the adequacy of risk management systems.

During the year under review, the Committee met four times on April 28, 2021, July 24, 2021, October 21, 2021 and January 25, 2022

The Risk Management Committee as on March 31, 2022 and number of the meetings held and attended by the members of the Committee during the financial year 2021-2022 are summarized below:

Name	Designation	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Monu Ratra*	Member	Executive Director & CEO	-	-
Mr. S Sridhar	Member	Independent Director	4	4
Mr. Kranti Sinha	Member	Independent Director	4	4
Ms. Mohua Mukherjee*	Member	Independent Director	-	-
Ms. Abhishikta Munjal	Member	Chief Risk Officer	4	4
Mr. Govind Modani	Member	Treasury Head	4	4

* Mr. Monu Ratra and Ms. Mohua Mukherjee was inducted to Risk Management Committee with effect from January 25, 2022.

Asset Liability Committee (ALCO)

In accordance with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 read with the Liquidity Risk Management Framework issued by RBI (earlier under the Policy Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010), the Board of Directors constituted Asset Liability Committee (ALCO). The composition of the ALCO is provided below:

Mr. Monu Ratra- Executive Director & CEO

Mr. R. Venkataraman- Non Executive Director

Mr. Nirmal Jain- Non Executive Director

The terms of reference of the ALCO are in line with Guidelines prescribed by RBI which, inter alia, includes the following:

a. Liquidity risk management

b. Management of market risks

c. Funding and capital planning

d. Profit planning and growth projection

e. Forecasting and analysing 'what if scenario' and preparation of contingency plans

During the year under review, the Committee met on April 28, 2021, July 24, 2021, October 21, 2021 and January 25, 2022.

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

Number of the meetings held and attended by the members of the ALCO during the financial year 2021-2022 are summarized below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Monu Ratra	Chairman	Executive Director & CEO	4	4
Mr. Nirmal Jain	Member	Non Executive Director	4	4
Mr. R Venkataraman	Member	Non Executive Director	4	4

IT Strategy Committee

In accordance with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (earlier under the Policy Circular No. NHB/ND/DRS/Policy Circular No. 90/2017-18, dated June 15, 2018), the Board of Directors constituted IT Strategy Committee. The composition of the Committee as on March 31, 2022 is provided below:

1. Mr. S. Sridhar, (Independent Director) Chairman
2. Mr. AK Purwar, (Independent Director) Member
3. Mr. Monu Ratra, Member
4. Mr. Govind Modani, Member
5. Mr. Abhishikita Munjal, Member
6. Mr. Rachit Gehani, Member
7. Mr. Shankar Ramrakhiani, Member
8. Mr. Aditya Sisodia, Member
9. Mr. Mitesh Vora, Member

The terms of reference of the Committee are in line with guidelines prescribed by RBI which, inter alia, includes the following:

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 managemen tuses to determine the IT resources needed to achieve strategice goals and provide high-level direction for sourcin gand use of IT resources
5. Ensuring proper balance of IT investments for sustaining required growth and becoming aware about exposure towards IT risks and controls

During the year under review, the Committee met on September 2, 2021 and February 21, 2022.

Number of the meetings held and attended by the members of the IT Strategy Committee during the financial year 2021-2022 are summarized below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. S. Sridhar	Chairman	Independent Director	2	2
Mr. Arun Kumar Purwar	Member	Independent Director	2	2
Mr. Monu Ratra	Member	Executive Director and CEO	2	2
Ms. Abhishikta Munjal#	Member	Chief Risk Officer	1	1
Mr. Shanker Ramrakhiani#	Member	Chief Information Security Officer	1	1
Mr. Ragunathan Balaji *	Member	Chief Technology Officer	1	1
Mr. Rachit Gehani	Member	Chief Information Officer (CIO) and Digital Strategy Head	2	2
Mr. Aditya Sisodia	Member	Head Application Development	2	2
Mr. Sanjaykumar Tiwari *	Member	Head IT Infrastructure and Cyber Security	1	1
Mr. Mitesh Vora##	Member	Head IT Infrastructure and Cyber Security	1	1

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

*Mr. Sanjaykumar Tiwari and Mr. Ragunathan Balaji ceased to be member of the IT Strategy Committee with effect from January 25, 2022

#Ms. Abhishikta Munjal and Mr. Shanker Ramrakhiani were inducted to the IT Strategy Committee with effect from October 21, 2021.

##Mr. Mitesh Vora was inducted in the IT Strategy Committee with effect from January 25, 2022

Remuneration of Directors

Details of Remuneration paid to Directors during 2021-22 and details of number of shares and

Convertible instruments held by Directors as on March 31, 2022 is as under:

Name of Director	Designation	Salary and Perquisite (in ₹)	Commission (in ₹)	Sitting fee (in ₹)	Contribution to PF and other funds, gratuity	Stock options	Number of equity shares held
S. Sridhar	Independent Director	-	1,000,000	770,000	-	-	-
Kranti Sinha	Independent Director	-	1,000,000	680,000	-	-	-
R. Venkataraman	Non-Executive Director	-	-	-	-	-	-
Nirmal Jain	Non-Executive Director	-	-	-	-	-	-
Arun Kumar Purwar	Independent Director	-		310,000	-	-	-
Monu Ratra	Executive Director & CEO	23,612,815	12,500,000	-	-	-	100*
Mohua Mukherjee	Independent Director	-		190,000	-	-	-
Suvalaxmi Chakraborty#	Independent Director	-	1,000,000	150,000	-	-	-

*Monu Ratra holds shares as nominee of IIFL Finance Limited.

Suvalaxmi Chakraborty ceased to be Director of the Company w.e.f. from June 15, 2021.

The Company has not issued convertible instruments.

Remuneration to Non-Executive/Independent Directors

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

With effect from October 01, 2021 the Company has been paying sitting fees of ₹ 50,000 (Rupees fifty thousand only) per meeting to Non – Executive Independent Directors for attending meetings of the Board and Audit Committee and ₹ 30,000 (Rupees Thirty Thousand only) per meeting for attending other Committee meetings (except the Corporate Social Responsibility Committee meetings for which there is no sitting fees is payable) plus reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them.

Before October 01, 2021, the Company was paying sitting fees of ₹ 30,000 (Rupees Thirty Thousand only) per meeting to the Non-Executive Independent Directors for attending meetings of the Board and the Committee (except the Corporate Social Responsibility Committee meetings for which there was no sitting fees payable) plus reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them.

Apart from above, the Non-Executive and Independent Directors are eligible for commission as approved by the shareholders of the Company at the Annual General Meeting held on August 2, 2019. The amount of commission is based on the overall financial performance of the Company and Board of Directors. Apart from the above, no other remuneration is paid to the Non-Executive/ Independent Directors.

There are no pecuniary relationships or transaction of the Non- Executive Directors with the Company. The Company has obtained a Directors and Officers Liabilities Insurance policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

Periodic review of compliances of all applicable laws

The Company follows a system whereby all the Acts, Rules and Regulations applicable to the Company are identified and compliance with such Acts, Rules and

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

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

General body Meetings

Date of AGM	Location	Time	Whether any Special resolution was passed
June 23, 2021	IIFL House, Sun Infotech Park, Road No. 16V, Plot No., B-23, MIDC Thane Industrial Area, Wagle Estate, Thane – 400604	4.30 p.m.	No
June 11, 2020	IIFL House, Sun Infotech Park, Road No. 16V, Plot No., B-23, MIDC Thane Industrial Area, Wagle Estate, Thane – 400604	4.30 p.m.	No
August 2, 2019	IIFL House, Sun Infotech Park, Road No. 16V, Plot No., B-23, MIDC Thane Industrial Area, Wagle Estate, Thane – 400604	4.30 p.m.	No

Postal Ballot

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

Means of communication to the Stakeholders

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company www.iiflhomeloans.com. The Annual Report, quarterly results, corporate actions and copies of press releases, if any, among others, are regularly sent to the Stock Exchanges and uploaded on the website of the Company. Quarterly/Annual Financial Results are regularly submitted to the Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the disclosures made to the Stock Exchanges are also available on the website of the Company i.e. https://www.iiflhomeloans.com/investor-relations. The quarterly and annual results of your Company are published in widely circulated English newspaper like "Business Standards."

General Shareholder Information

1	Annual General Meeting	Please refer to the Notice of ensuing Annual General Meeting
2	Finance Year (2022-23)	April 1 to March 31
		Results for the quarter ended June 30, 2022 – within 45 days from the end of the quarter
		Results for the quarter ended September 30, 2022 – within 45 days from the end of the quarter
		Results for the quarter ended December 31, 2022 – within 45 days from the end of the quarter
		Results for the quarter and year ended March 31, 2023 – within 60 days from the end of the quarter
3	Book closure date	Not applicable as share of the Company are not listed on any Stock Exchange
4	Interim dividend	During the financial year 2021-22, your Company had declared ₹ 30 per equity share and payment was made on January 30, 2022
5	Listing of equity shares	Not applicable
6	Listing of Non Convertible Debentures	The Publicly issued Non Convertible Debentures (NCDs) are listed on BSE and NSE and privately placed NCDs are listed on NSE. the Listing fees as applicable have been duly paid to stock exchanges
7	Stock Code	Not applicable

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

8	Stock Market Data	Not applicable; as Equity Shares of the Company are not listed on any Stock Exchange
9	Registrar and transfer agent	Link Intime India Private Limited C-101, 1st Floor, 247 Park , Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083. Tel: 022-49186000 Email: rnt.helpdesk@linkintime.co.in bonds.helpdesk@linkintime.co.in
10	Security transfer system	Equity shares- in house NCDs are in dematerialized form transfer and transmission of security is outsourced to Registrar and transfer agent
11	Dematerialization of shares	The Company is wholly owned subsidiary of IIFL Finance Limited and shares held by IIFL Finance Limited are in dematerializedform and share held by Nominee shareholders on behalf of IIFL Finance Limited are in physical form.
12	Correspondence for dematerialization, transfer of shares, non –receipt of dividend on shares and any other query relating to the NCDs of the Company	Link Intime India Private Limited C-101, 1st Floor, 247 Park , Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083
13	Address for correspondence	Mr. Ajay Jaiswal, Company Secretary & Compliance Officer Plot No. 98, IIFL Towers, Udyog Vihar, Phase IV, Gurugaon, Haryana-122015
14	Outstanding GDmillion/ ADmillion/Warrants or any convertible instruments, conversion date and likely impact on equity	Not applicable
15	Credit Ratings	The details are provided in the Directors report

Shareholding Pattern

Categories of Equity Shareholders as on March 31, 2022

Name of Shareholder	Category of Shareholder	Numbers shares	% of Shareholding
IIFL Finance Limited	Promoter	20,967,581	100
Mr. Govind Modani*	Individual	100	-
Mr. Narendra Jain*	Individual	100	-
Mr. Rajesh Rajak*	Individual	100	-
Mr. Monu Ratra*	Individual	100	-
Mr. Amit Gupta*	Individual	100	-
Ms. Sneha Patwardhan*	Individual	100	-

*Individual shareholders are holding shares as nominee of IIFL Finance Limited (the holding Company)

Other Disclosures

(a) disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large

The Company has put in place a Related Party Transactions Policy (RPT) which was approved by the Board of Directors. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/Shareholders, reporting and disclosure requirements in compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All transactions executed by the Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. All such RPT were placed before the Audit Committee for approval, wherever applicable. The policy on materiality of RPTs (part of Related Party Transaction Policy) and dealing with RPTs as approved by the Board

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

may be accessed on the website of the Company i.e. https://www.iiflhomeloans.com/ investor-relations/ corporate-governance. You may refer Note no. 41 of the Standalone Financial Statement which contains related party disclosures.

(b) Details of non-compliance

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

(c) Details of establishment of vigil mechanism/whistle blower policy, and affirmation that no personnel was denied access to the Audit committee

In Compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides adequate safeguard against victimization of whistle blower who avails such mechanism and also provides for the access to the Chairman of Audit Committee. None of the whistle blowers have been denied access to the Audit Committee. The said Policy as approved by the Board may be accessed on the website of the Company i.e. ttps://www.iiflhomelaons.com/ investor-relations/corporate-governance.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;

The Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed for High Value Debt Listed Companies in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to the Company. The status on the Compliance with the Non- mandatory recommendation in the SEBI Regulations is as under:

- ✓ The Internal Auditor has direct access to the Audit Committee.
- ✓ The Company follows a robust process of communicating with the shareholders which has been explained earlier in the report under "Means of Communication".

(e) web link where policy for determining 'material' subsidiaries is https://storage.googleapis.com/iifl-hfc-storage/files/policies/Policy-on-determining-Material-Subsidiary_1.pdf.

Certificate on Corporate Governance

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

Code of Conduct

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

Total Fees to Statutory Auditor

Total fees (exclusive of GST and other taxes as applicable) for all services paid by the listed entity and its subsidiary, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

Particulars	**Amount (₹ in million)**
Audit Fee	3.14
Limited Review	1.05
Other matters and certification	1.63
Out of Pocket Expenses	0.29
Certification towards public issue of Non Convertible Debentures	6.93
Total	**13.04**

Prevention of Sexual Harassment

The 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 constituted Internal Complaints Committee. During the year under review, there was neither any complaint received or any outstanding as on April 1, 2021 and March 31, 2022.

ANNEXURE –V TO DIRECTORS' REPORT (Contd.)

Number of workshops and awareness programs against sexual harassment carried out: The Company on regular basis sensitizes its employees on prevention of sexual harassment through online training.

Loans advances to in the nature of loans to firms/ companies in which directors are interested:

Except transactions those mentioned under related party transactions, no loans advances are granted to firms/ companies in which Directors are interested.

For and on behalf of the Board of Directors

Monu Ratra	**R. Venkataraman**
Executive Director & CEO	Director
DIN: 07406284	DIN: 00011919
Place: Gurugram	Place: Mumbai
Date: April 25, 2022	

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 Home Finance Limited

Compliance Certificate as required under Regulation 17(8) of SEBI, Part B of Schedule II (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I Monu Ratra, Chief Executive Officer and Executive Director and Amit Gupta, Chief Financial Officer hereby certify that:

A. We have reviewed Financial statements and the Cash Flow statement for the year under review and that to the best of their 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 listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations

B. There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

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

   (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements

   (3) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the listed entity's internal control system over financial reporting

Monu Ratra	**Amit Gupta**
Executive Director & CEO	Chief Financial Officer
Date: April 25, 2022	

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, 2022, 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 Home Finance Limited

Monu Ratra

Executive Directors & CEO

DIN: 07406284

Place: Gurugram

Date: April 25, 2022

CERTIFICATE ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34(3) read with Schedule V Para E of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members

IIFL Home Finance Limited

(CIN: U65993MH2006PLC166475)

(Formerly known as India Infoline Housing Finance Limited)

IIFL House, Sun Infotech Park, Road No. 16V,

Plot No. B-23, MIDC, Thane Industrial Area,

Wagle Estate, Thane, Maharashtra – 400604

We have examined the compliance of conditions of Corporate Governance of **IIFL Home Finance Limited** (hereinafter referred to **asthe Company)**, having its Registered Office situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane, Maharashtra - 400604, for the year ended on March 31, 2022, as stipulated in the relevant regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time-to-time **(SEBI LODR, 2015)**.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of 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, we certify that the Company has compiled with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that 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.

For RMG & Associates
Company Secretaries
Firm Registration No. P2001DE016100
Peer Review No. :

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

Date : April 25, 2022
Place: New Delhi
UDIN: F005123D000198976

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Notice No. 20220107-16 read with Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members

IIFL Home Finance Limited

(CIN: U65993MH2006PLC166475)

(Formerly known as India Infoline Housing Finance Limited)

IIFL House, Sun Infotech Park, Road No. 16V,

Plot No. B-23, MIDC, Thane Industrial Area,

Wagle Estate, Thane, Maharashtra – 400604

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IIFL Home Finance Limited (CIN: U65993MH2006PLC166475)** (hereinafter referred to as **the Company**) having its Registered Office situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane, Maharashtra – 400604 produced before us by the Company for the purpose of issuing this certificate, in pursuance of the provisions of Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

In our opinion and to the best of our information and to the extent of accessibility of the data or information as available and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary by us and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company, as stated below, for the Financial Year ended March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such other statutory authority.

S. No.	DIN	Full Name	Designation as on March 31, 2022
1.	00004272	Mr. Srinivasan Sridhar	Director
2.	00001643	Mr. Kranti Sinha	Director
3.	00010535	Mr. Nirmal Bhanwarlal Jain	Director
4.	00011919	Ms. Venkataraman Rajamani	Director
5.	00106054	Ms. Suvalaxmi Chakraborty*	Director
6.	00026383	Mr. Arun Kumar Purwar	Director
7.	07406284	Mr. Monu Ratra	Whole-time Director
8.	08714909	Mr. Mohua Mukherjee	Director

*Ms. Suvalaxmi Chakraborty tendered her resignation on June 15, 2021.

Ensuring the eligibility for the appointment/re-appointment/continuity of a Director on the Board of the Company is the ultimate responsibility of the Management of the Company. Our responsibility is to express an opinion on the basis of the disclosures/information provided by the Management of the Company. 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.

For RMG & Associates
Company Secretaries
Firm Registration No. P2001DE016100
Peer Review No. :

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

Date : April 25, 2022
Place: New Delhi
UDIN: F005123D000198976

ANNEXURE – VI TO DIRECTORS' REPORT

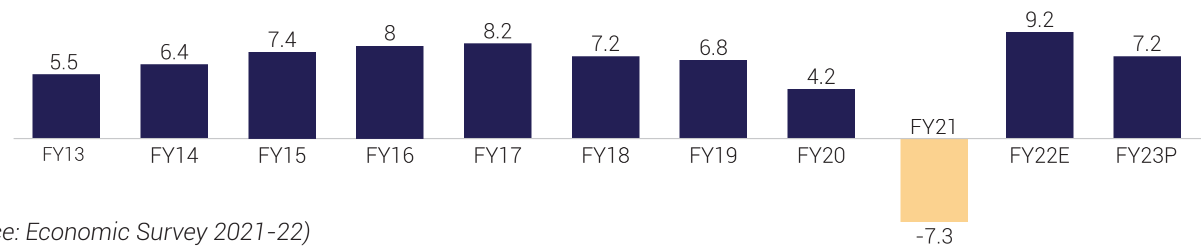
Management Discussion and Analysis

INDIAN ECONOMIC OVERVIEW

The Indian economy saw signs of revival at the beginning of the fiscal year 2021-22. With the impacts of the COVID-19 pandemic under control, increased levels of activity across sectors reinforced optimism about the domestic economy's recovery. The Centre's policies aided the country's much-needed recovery. During the first wave of the COVID-19 pandemic, lowering interest rates and implementing stimulus measures provided an essential buffer to help the economy stabilize. In addition, the development of numerous vaccinations aided in not only increasing public morale but also setting the basis for a resurgent economy. The Indian economy is on track to recover to pre-pandemic levels, with almost 1 billion Indians inoculated against the COVID-19 virus and low COVID-19 positive rates.

In the first quarter of 2021-22, India's GDP grew at a record rate of 20.1%. Higher consumer spending and a low base impact from the previous fiscal year propelled this expansion. Since the conclusion of the June quarter of 2021-22, many sectors have improved, including auto sales, retail, agricultural production, construction, and exports. India's GDP growth normalized to 8.4% in the second quarter of 2021, as business operations rebounded to a considerable extent following a major easing of COVID-19-related restrictions earlier in the year. Total consumption is expected to expand by 7.0% in 2021-22, according to the Economic Survey 2021-22, with Government consumption remaining the largest contributor, as it was the previous year. Private consumption is estimated to have improved dramatically, recovering 97% of pre-pandemic production levels, and with enhanced vaccination coverage and faster economic activity normalization, it is expected to rebound even faster. Inflation has increased considerably during the year, however, its effect on economic growth has been limited. The growing geopolitical situation in Ukraine has thrown the global economy into disarray, with crude prices becoming more volatile. Despite all of these risks, India's economy has still been expanding.

Indian Economy Growth Output (%)



(Source: Economic Survey 2021-22)

E- estimate

P- projected

OUTLOOK

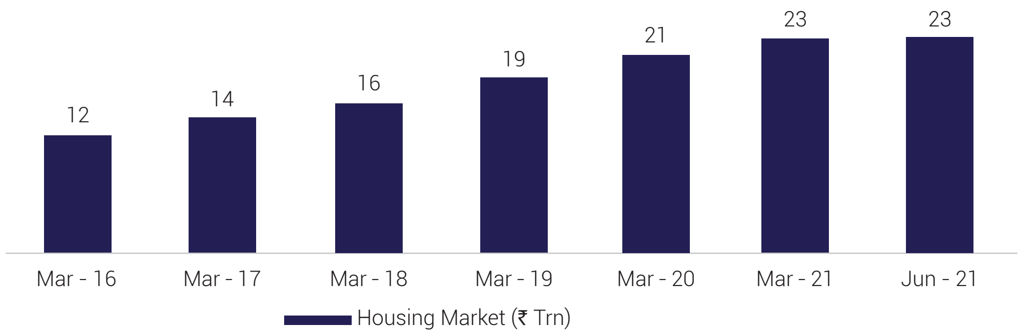
India's GDP is predicted to rise by 9.2% in 2021-22, owing to broad vaccination coverage, benefits from supply-side reforms, regulatory relaxation, strong export growth, and the availability of fiscal support to boost capital investment. The macroeconomic data implies that the Indian economy is on track to reach pre-COVID-19 growth levels in 2021-22. The Indian economy's fundamentals remain strong, with the service sector catching up. The financial system is well-positioned to assist the economy's recovery, and the year ahead is poised for a rebound in private sector investment. The economy is bolstered by large foreign exchange reserves that exceed the country's external debt. Furthermore, participating in a steady and measured withdrawal of liquidity by central banks throughout the world, including in India, is expected to support growth in a non-disruptive manner.

(Source: Economic Survey of 2021-22, Ministry of Finance, Ministry of Statistics and Program Implementation (MOSPI), IMF, World Bank).

INDUSTRY OVERVIEW

Housing, being a basic need, is an absolute necessity. It contributes to an individual's, family's as well as a community's growth. The Indian housing finance industry has seen exceptional growth, with loan book more than doubling in the last five years, reaching ₹ 22.2 trillion in 2021-22. Between 2016-2020, there was a significant shift, with home loans outstanding at HFCs growing at a healthy 21% CAGR compared to 13% for non-bank housing loans, owing to rising demand and penetration in Tier-II and Tier-III cities, rising disposable incomes, and particularly Government initiatives such as interest rate subvention schemes, fiscal interventions and reduction in stamp duties among others. The home finance sector has experienced a structural shift in tandem with its expansion, with an even greater emphasis on credit quality and collection efficiency.

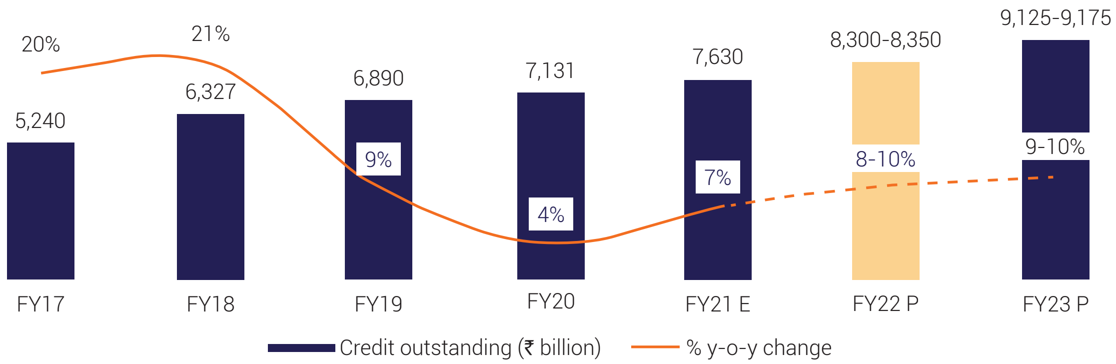
ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)



Source: CRISIL NBFC Report 2021

In the Indian home finance industry, NBFCs/HFCs, maintained a constant market share, accounting for 34% of the housing finance loan book in 2021-22, the same as in 2020-21. In 2020-21, total credit outstanding is estimated to have reached ₹ 7.6 trillion, up 7% from 2019-20. With the economy in revival mode and COVID-19 cases reducing, the total HFC AUM is expected to experience double-digit growth in 2021-22. Disbursements in the first quarter of 2021-22 got impacted due to the second wave of the COVID-19 pandemic. However, it soon rebounded after June 2021 and is expected to reach ₹ 8.3 trillion in 2021-22, with salaried customer's income levels mostly steady and low home loan rates.

Housing loans at NBFCs/HFCs

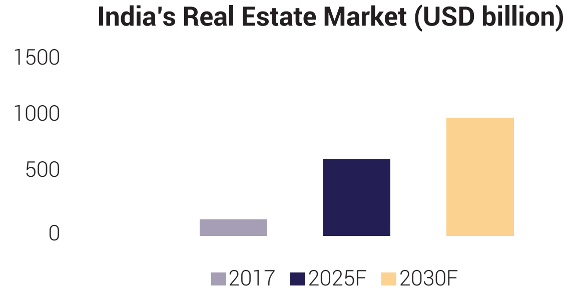


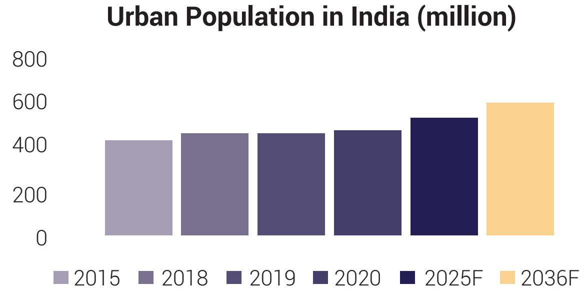
Source: CRISIL Research

Within the housing segment, affordable housing saw a rapid recovery as relative demand grew in tier-2 and tier-3 cities. The housing shortfall in India is expected to reach 100 million units in 2022, with 95% of the units going to low-income households. Given the considerable under-penetration in this marginalized segment, India's prospects for affordable housing remain positive.

As India urbanizes rapidly to the 40%-mark, Budget 2022 pushed for planned urbanization. India has a significantly lower urbanization rate than the global standard, with only 35% of the population categorized as urban, compared to a global average of 54%. India's urban population rose at 3.4 times the rate of the rural population in the recent decade. In the forthcoming decade, the urban population is expected to grow at a rate more than 5 times that of the rest of the population. Indians living in cities are expected to reach 525 million by 2025, and 600 million by 2036. This expansion would be fueled by rising demand for higher education and infrastructural development. More residential and non-residential buildings, such as office, healthcare, and hotel industries, would be required as the metropolitan population grows. With the housing and construction segment growing multifold it would have a multiplier effect on the economy

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)





(Source: ICICI NBFC Report)

The COVID-19 pandemic had an adverse impact on the asset quality across the HFC space. Under the RBI's Resolution Framework 1.0 and 2.0, relief measures such as loan moratoriums and one-time restrictions offered much-needed relief. Around 0.5-1.0% of HFC home loans have been restructured, according to estimates. The GNPA ratio is likely to decrease in 2022-23 as the economy improves and stressed instances are resolved. Furthermore, post the second wave of COVID-19, the collection efficiency has increased. In August 2021, the HFC space had a collection efficiency of 100%, up from 78% in September 2020.

Source: CRISIL NBFC report 2021, ICRA, BCG analysis, CBRE Research, Credit Suisse estimates, UN World Urbanization Prospects, Indiadatahub, Macquarie Research, November 2021, Affordable Housing Thematic Report Dalal and Broacha Research

GOVERNMENT INITIATIVES

The Government of India, in collaboration with State Governments, has taken a number of steps to promote development in the housing sector. The demand for affordable housing has shown an increasing trend in the past few years. The push for low-cost homes by Union Finance Minister in her speech, assured that Union Budget 2022 met the majority of real estate sector expectations.

Pradhan Mantri Awas Yojana

Under the Pradhan Mantri Awas Yojana (Urban) (PMAY-U) 'Housing for all by 2022', an additional outlay of ₹ 480 billion has been allocated over and above the Budget estimates of last year. The Finance Minister, in her budget speech, announced the completion of 8 million -houses for identified eligible beneficiaries for both rural and urban areas in 2022-23, thereby emphasizing the need for affordable housing. In comparison to the demand for 11.2 million residences, 5.8 million houses had been built, 9.7 million had been grounded, and 12.3 million had been sanctioned as of March 31, 2022.

(Source: Budget Estimates 2022, PIB, Economic Times)

Housing for Tier 2 and Tier 3

With the second wave of COVID-19 Pandemic hitting the country and Work from Home becoming the new normal, the demand for housing in tier-2 and tier-3 cities has seen a sudden increase. To capitalize on this opportunity, the Government has pushed reformative actions in tier-2 and tier-3 housing sectors, with the goal to improving town infrastructure. Programs such as the Jawaharlal Nehru National Urban Renewal Mission, Housing for All, and Smart Cities aim to divert demand towards these cities by attaining overall development in terms of physical infrastructure.

Reduction in Interest Rates

The Reserve Bank of India has decided to keep the interest rate unchanged at 4% as per the latest release on April 8, 2022, while maintaining an accommodative stance. Apart from providing a major boost to the real estate sector in the country, the low home loan interest rates are predicted to fuel housing demand and boost sales by 35-40%. The Union Budget 2022 has also extended the loan moratorium known as the Emergency Credit Line Guarantee Scheme (ECLGS), for another year, until March 2023 with an increase in the guarantee cover by ₹ 5 trillion, thereby, easing the liquidity issue faced by the homebuyers.

Increasing digitization in financial lending space

The Finance Minister had proposed one-nation one-registration structural reform for real estate sector that will facilitate land transactions and sale deed registration from anywhere in the country. The Government also encouraged states to adopt

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

unique land parcel identification number to facilitate digitized management of records and meet the objective of 'anywhere registration' of deeds and other transfer documents.

Adoption of green building

According to a report published by CBRE, Green real estate assets have developed dramatically over the last decade, with their percentage of total office stock increasing from 24% in 2011 to 31% in 2021. From around 80 million square feet in 2011, certified green office stock increased by 177% to 212 million square feet in Q3 2021 (July-September). This implies that the Indian real estate sector is becoming more conscious of its Environmental, Social, and Governance (ESG) responsibilities, and is fast incorporating sustainability into its assets. Delhi – NCR and Bengaluru account for 54% of the total certified office stock in India.

(Source: Indian Real Estate's ESG Landscape and its Progress to a Sustainable Future – CBRE)

GOING AHEAD

By 2030, India's real estate sector is predicted to reach a market size of USD 1 trillion, accounting for 18-20% of the country's GDP. In 2021-22, the number of housing transactions in seven major Indian cities increased by 113% year on year, indicating a solid comeback. Increasing demand from Tier-II and Tier-III cities would lead to the growth of residential sector significantly. Increased allocation to Pradhan Mantri Awas Yojana, rise in capital influx of about 35% from ₹ 5.54 trillion in 2021-22 to ₹ 7.5 trillion in 2022-23, maintaining of accommodative stance by RBI of keeping the interest rate unchanged and ease in the registration through digitalization are some of the steps taken by the Government to propel the growth of the sector.

With signs of improvement in most sectors, disbursements are likely to rise even more in the second half of the fiscal year. Lenders have been focused on co-lending with SCBs to the retail housing sector, which has remained resilient despite the GDP drop in fiscal 2021. In contrast to the previous fiscal year, salaried borrowers are mostly unaffected. Furthermore, those who work from home have accelerated their decision to buy a house or move to a larger apartment due to lower costs. According to CRISIL Research, as the economy recovers, NBFC/HFC housing credit is predicted to expand at a rate of 8-10% in 2021-22, with credit growing at a rate of 9-11% in 2022-23.

OPPORTUNITIES

Affordable Housing

The population of India is anticipated to rise until 2050. More homes would be necessary as the population grows. In addition, the growing tendency of nuclear families may assist in driving the housing demand. Furthermore, India's dependent population to workforce ratio is expected to continue to decline, signaling increased family incomes and need for more residential units.

By 2022, India's housing deficit is expected to reach 100 million units, with 95% of those coming from the Lower Income Group (LIG) and the Economically Weaker Sections (EWS). An incremental housing loan demand is expected to be in the range of ₹ 50 trillion and ₹ 60 trillion, with ₹ 9–10 trillion going to the affordable housing category.

(Source: Dalal and Broacha Report on Affordable Housing)

Encouraging Government Schemes

Being the fourth largest sector contributing to the country's economy, the Government has been working towards launching such schemes which not only promotes the sector but also help Indians with home ownership. Schemes such as 'Pradhan Mantri Awas Yojana – Urban', 'Housing for All', 'Affordable Rental Housing Complexes Scheme (ARHCS)' are examples helping migrant workers, urban poor, and rural households to own a house and achieve their dreams. In 2022, the Union Cabinet approved an outlay of ₹ 6 billion to support the ARHCS scheme to advance the 'Housing for All' mission. In its initial phase, this is estimated to benefit over 0.6 million individuals in India.

(Source: PIB, Government of India)

Rising Investment by Younger Generations

The urban population is predicted to rise multifold in the coming decade. With the median age of the working class lying between 25-and 45 years, the tech-savvy players in the home finance industry are more likely to focus on the young generation which is not only earning but is ready to experiment. Today's generation has been more focused on real estate than investing in fixed deposits or gold. This has led to a change in the consumer graph of the home finance industry with the younger generation becoming a significant customer group.

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

Women in Housing Sector

According to a survey conducted, about 94% of women preferred investment in residential properties as opposed to gold, SIPs, stocks, and luxury fashion while the remaining 6% also preferred investing in commercial properties, thereby, showing the change in the mindset of the majority of women and real estate occupying significant space. The housing sector is driven by end-users. Given so, the number of women considering buying a home as an investment is a promising sign.

The Government has also encouraged women borrowers/ co-borrowers for taking home loans. Schemes like lower stamp duty and higher tax deductions for women have been motivating women to purchase their own homes. Furthmore, with the PMAY home loan subsidy offered to women borrowers/co-borrower, the residential space is expected to witness and increase in women home owners in India, leading to a growth in overall home finance space.

Rising Urbanization

The urban population of India grew at 3.4 times the rate of the rural population during the previous decade. The urban population is predicted to rise at more than 5 times the pace of the overall population in the coming decade. More residential infrastructure will be required as the metropolitan population grows. By 2030, Indian cities are predicted to house 40% of the country's population. The country would require 700 to 900 million square meters of residential and commercial space to be created each year. This migration means that nearly 90% of the demand is likely to be generated from the bottom of the economic pyramid.

(Source: Dalal and Broacha Report on Affordable Housing)

Deepening Finance Penetration

India's real estate industry is predicted to grow to USD1 trillion by 2030, up from USD 200 billion in 2021. With increasing population and more rapid urbanization, Tier II and Tier III cities are expected to face a high demand for residential and non-residential constructions. With more people relocating from rural to urban regions, increasing digitalization and financial literacy leading to a deepening of financial penetration, housing demand in the country is likely to experience a boost. Between March 2017 and March 2021, the Reserve Bank of India (RBI) reported a 24% increase in financial inclusion (FI) as assessed by the RBI's FI-Index, the momentum for which is only expected to build further.

(Source: IBEF, Housing NBFC – ICICI Prudential Housing Opportunities Fund, Business World, RBI).

THREATS

Challenges to credit growth

The rising inflation in the economy, could lead to a number of disruptions in the real estate sector in India. With higher prices for building materials, increase in overall cost of construction and resultant higher home purchase prices could lead to reduced demand for residential units. This could adversely impact home loan credit growth.

Due to the ongoing COVID-19 crisis, expenditure on high-ticket assets such as real estate has been negatively impacted. The second wave of COVID-19 also encouraged people to save rather than spend which affected the real estate segment. Potential COVID-19 outbreaks further add uncertainty to the overall home loans sector. Subsequent lockdowns and reduction in sale of residential units due to restriction on trade and travel along with subdued morale of the overall economy could affect the home finance sector, adversely impacting credit growth. On the flip side, however, with schemes like Pradhan Mantri Awas Yojana for affordable housing, the Government is altering the current pace in housing sales by boosting demand.

Competition from banks

Most people turn to borrowing from formal sources when it comes to investing in real estate. Banks save money on operational expenditures while also attracting high-quality consumers. Banks, typically have access to borrowers' banking behavior and repayment history which sometimes may not work in favor of new customers. However, with a renewed focus, Banks have been aggressively onboarding new customers at better interest rates, which might impact the share of NBFCs adversely.

Delay in project approvals and construction

Loans from banks for making an investment in real estate are primarily reliant on timely project completion. The borrower may risk failing on debts if the project is delayed. Furthermore, such delays may lead to a negative influence on loan book growth.

Collateral frauds and lack of proper title

Collateral fraud is a common risk that affects this sector. To mitigate the risk and assure the investors, additional measures are taken. This however impacts the underwriting processes. On the other hand, a discrepancy in title is a common threat

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

faced by people of large cities investing especially in the outskirts. This can however be minimized with greater information availability and adequate due diligence by the technical team.

COMPANY OVERVIEW

IIFL Home Finance (IIFL HFL) (the 'Company', or 'it', or 'we') is a wholly-owned subsidiary of IIFL Finance Limited. The Company was founded in the year 2006. Subsequently, in 2009, it was registered with the National Housing Bank and started operations as a Housing Finance Company (HFC). The Company is primarily involved in the affordable housing segment wherein it offers customized small-ticket home loans to customers belonging to financially underserved sections of the society – the borrowers with minimal credit history and informal income documentation. We provide these loans for the purchase of residential property, home construction, home improvement as well as plot purchases. IIFL HFL thrives on the ethical pillars of our parent Company IIFL Finance, with the ethos of FIT-fairness, integrity, transparency ingrained in the core values of our team.

With a conscious step toward sustainable decision making the Company focuses on three main objectives. Our decisions are buoyed around financial inclusion, women empowerment and sustainable construction. The Company promotes women empowerment with its business strategy aligned to focus on women owners and co-owners in the lower income segment. By supporting our customers in their home financing needs, we aspire women to build better lives for themselves and their families. IIFL HFL also supports the MSME sector for residential or commercial purposes. Offering mortgage-backed loans for various business requirements including but not limited to working capital and purchase of commercial property.

The Company primarily focuses on first-time home buyers, women buyers, salaried professionals and informal sector employees. We have a targeted customer approach and a vast network of branches pan India. The Company utilizes its asset light model to achieve sustainable earnings growth leveraging on its stringent underwriting principles, robust risk management and risk remediation framework.

Business Overview and Strategy

The Company's dynamic home loan products are carefully custom-made to meet the requirements of those at the bottom of the pyramid. The Company's focus has been on offering small sized loans to the underserved sections of the society and women borrowers/co-borrowers affordably and accessibly. With an extensive physical network and state of the art digital infrastructure, the Company has continuously focused on growing its customer base though its hybrid 'Phygital' model. Maintaining an asset-light approach, the Company has focused on the RBI's Co-lending model to build its loan book while minimizing risk and fostering a leaner balance sheet.

At IIFL HFL, we support the Government's mission of 'Housing for All and various measures and schemes falling thereunder. So far, we have been able to serve 55, 700+ customers, who have benefitted under the CLSS scheme and disbursed over ₹ 13 billion as on March 31, 2022.Further, to aid the Beneficiary Led Construction (BLC) Scheme of the Ministry of Housing and Urban Affairs, we launched special norms for customers in states such as Tamil Nadu, Punjab and Andhra Pradesh. Moreover, we are also empaneled with various state bodies. This enables us to expand and promote our sustainable and affordable housing's vision. Some of these include associations with the Rajiv Gandhi Rural Housing Corporation Limited, the SLNA for Karnataka state for Pradhan Mantri Awas Yojana (Urban) (PMAY-U) scheme, Delhi Development Authority (DDA) and Punjab State Urban Livelihood Mission (PSULM) among others.

The 2021-22 saw a 14% growth in the overall Assets Under Management (AUM) of IIFL HFL. We closed 2021-22 with ₹ 236.17 billion in AUM and a balance sheet of ₹ 180.10 billion. The home loan contribution to the total AUM increased from 70% to 75%, with a persistent focus on low-ticket size home loans to non-metro customers in Tier-1 suburbs and Tier II and Tier III cities.

STRENGTHS

Expanding Physical and Digital Presence

IIFL HFL has created an expansive network of physical and digital touchpoints across India laying the foundation for a Phygital edge (physical and digital). With over 3,200+ touchpoints across the country, the Company has been extensively working to bridge the gap between the customers and offer a distinctive home financing experience. The Company is expanding its branches into newer cities, leveraging on IIFL group's branch network. Homes have a sentiment attached to them and we help preserve their values for our customers. For a seamless loan experience, we have shifted our loan processing systems online. These include everything from onboarding to disbursement and even subsequent customer servicing. This has enabled us to attain process efficiency and customer's trust.

Focus on Technology

Technology has been the driver and disruptor in the post-pandemic era. Majority of the sectors that were gradually transforming to digital witnessed a phenomenal shift to the modern online age due to the pandemic-induced lockdown. At IIFL HFL, we took the cue and invested heavily in emerging technology solutions. This has not only helped IIFL HFL precede the Indian home financing space technologically, but also supported us in lowering costs, expanding reach, error free processing and disbursing instantly. The entire value chain process has been taken online, from distribution to loan underwriting, customer service, collection management, and financial accounting. On the customer front, we have delivered a robust modern solution that the growing age relates to, leveraging on a seamless customer experience. On the employee end, we have successfully improved productivity, morale and overall satisfaction. Our sales workforce can now process more files per month with a reduction in the overall file turnaround time. Technology enablement in the value chain is just the beginning; we expect to tap vast opportunities in the future based on our technological strength.

Customer-Centric Approach

More than an asset, owing a home is an aspiration, a sense of stability and an emotion. The sensitivity of a home loan cannot be better defined. IIFL HFL consciously places its core values around a customer-first approach. All the processes at IIFL HFL are designed keeping the customer's convenience in mind. Armed with the arsenal of knowledge, sensitivity and customer-centric approach, we strive to make every customer feel satisfied. This experience is a true gain for IIFL HFL through a wide range of customized solutions, a continual emphasis on customer service, transparency in all of our operations and procedures, and investments in creating cutting-edge technology, the Company has catered to over 2,20,000 clients over the years. To facilitate client convenience, the Company offers a DIY loan application system, which allows customers to apply for a loan without assistance.

Prudent Credit Policy and Process

Prudent credit underwriting and seamless loan processing is indispensable to the growth and development of an HFC. At IIFL HFL, we have comprehensive credit assessment systems developed in-house to structure a minimal risk approach. The Company has also employed smart technologies like AI and machine learning for credit assessment, underwriting and monitoring resulting in flawless end-to-end loan processing. COVID-19 affected the industry disbursement as well as asset quality. During the year, the Company has been able to maintain its asset quality and continues to focus on improving the same.

SEGMENT OVERVIEW

Home Loans

IIFL HFL's home loans offer financial assistance to the underserved sections of society. We target customers including salaried, self-employed, professionals and entrepreneurs to finance their home purchase, home construction, home renovation, and even plot purchases. There is vast potential in financially underserved segment due to the lack of credit history and informal income documentation.

Our pan-India instant home loan solution, Jhatpat, allows customers to secure a loan right away. Currently all our home loans are processed digitally through jhatpat. Furthermore, the Top-up home loans, issued in addition to current loans are also now completely paperless with no human touchpoint.

IIFL HFL attained a 14% growth in AUM in 2021-22, with the total AUM reaching ₹ 236.17 bn. 79% of the total disbursements during the year constituted of Home Loans. This growth is attributed to our digital retail loan competencies and market dynamics. Our tablet-based web application automates underwriting using pre-defined business rule engines, resulting in a 25-minute loan approval turnaround time and more consistent decision-making. The Company will continue to focus on first-time buyers, women borrowers/co-borrowers, small-sized ticket loans, and borrowers from the informal segment. With a vision to benefit all eligible borrowers under PMAY schemes.

Secured Business Loans

IIFL HFL offers mortgage-backed small-ticket loans secured by residential or commercial properties to small and medium-sized enterprises. These loans are generally sanctioned for working capital requirements, business purposes, and the

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acquisition of commercial real estate. With the economy in revival, the SME segments boast extensive growth potential. The Company has continued its focus on this segment, prepared to fulfil their working capital requirements.

Affordable Housing Project Finance

We offer developers customized project financing for the construction and development of residential and mixed-use projects. As a conscious step towards sustainability, IIFL HFL puts major emphasis on identifying and funding environmentally and socially sustainable projects with Green Building Certification. In addition to being impact-driven, this segment has affinity with our overall retail portfolio. Furthermore, these projects financed under our project finance vertical can also be used to support our home loan vertical.

Financial Overview

The fiscal year 2022 saw economic activity reviving to pre-COVID-19 levels. This led to growth across sectors along with the demand for fresh capital requirements. IIFL Home Finance saw its AUM increaseby14% reaching ₹ 236.17 billion in 2021-22 from 206.94 billion in 2020-21. Outstanding loan book in the home loan segment grew by 12%, while the secured business loan and real estate project segment witnessed a degrowth of 2% and 38%, respectively. The loan book increased from ₹ 148.55 billion as on March 31, 2021 to ₹ 156.69 billion as on March 31, 2022 a growth of 5%.

Standalone Profit After Tax (PAT) for the year stood at ₹ 5,779.95 million in 2021-22, a growth of 44% year on year. Operating profit (excluding allowances and write-off) grew by 15% compared to same period in the last year. Furthermore, with the Capital Adequacy Ratio (CAR) of 30.48% (including tier-1 CAR of 21.10%).The Company is strongly positioned for future uncertainties with stringent credit policies and proactive collection efficiencies. IIFL HFL posted return ratios, Return on Assets (ROA) of 3.52% and a Return on Equity (ROE) of 24.26%. Gross Stage 3 Assets under Indian Accounting Standards (IND AS) stood at 2.10% as compared to 1.97% in the previous year. The specific provision coverage ratio stood at 37.59%, while the overall provision coverage ratio including regular asset provisions (stages1 and 2) and management overlays stood at 152.18% of the Gross Stage 3 Assets. Loan losses and provisions, as a percentage of average loan book for the year ended March 31, 2022 stood at 1.02%.

In a conscious step to improve access to green affordable housing, climate resilience, sustainability-orientated thinking and the achievement of gender balance, IIFL HFL has secured a USD 68 million loan with the Asian Development Bank (ADB) to help lower-income groups in India acquire funding for affordable green housing. The investment is made up of a USD 58 million direct loan from the Asian Development Bank and a USD 10 million concessional loan from the Canadian Climate Fund for the Private Sector in Asia (CFPS). 80% of the funds would be set aside for lending to women borrowers or co-borrowers, while the remaining 20% will be used to finance mortgages for green-certified buildings.

Non-Convertible Debentures (NCDs)

IIFL HFL raised funds by issuing non-convertible debentures (NCDs) in form of two tranches, i.e. Unsecured NCDs in July 2021 and Secured NCDs in December 2021 respectively. Both the tranche issues had a base issue size of ₹ 100 crore and a greenshoe option of ₹ 900 crore aggregating up to ₹ 1,000 crore each. The NCDs were rated AA/Stable by CRISIL and by AA+/Negative by BRICKWORKS, and were raised with an intention to diversify company's liability profile.

RISKS AND CONCERNS

Risk Management

IIFL Home Finance, has a holistic approach to risk management. Our enterprise-wide risk management framework focuses on identifying and analysing risks as well as putting in place mitigation strategies. The risk management framework is based on the "Three Lines of Defense" strategy. Within this, the first line of defense is the Company management, the second line is the functional teams such as risk management and compliance, and the third line is internal audit. Governed by our Boards with assistance from the risk management committee, our risk management strategy is aimed at an optimum risk-return quantum. Collectively, resulting into sustainable value creation for the stakeholders.

A. Credit Risk

Credit risk is the possibility of a debt default arising from a borrower's failure to make required principal or interest payments to the lender. Almost all types of credit extensions subject the lenders to default risk. If the customer fails to pay the dues within 90 days of the due date, the loan is classed as a non-performing asset (NPA) in the Company's books.

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Mitigation

The Company has a comprehensive credit risk assessment in place. IIFL HFL determines the creditworthiness through a digital platform that includes pre-defined credit norms, procedures, and policies, approved by our Board. We have an independent internal audit team that conducts regular reviews on samples of credit files to ensure adherence to the policies. The Company has also employed advanced analytics and machine learning tools in our portfolio to enhance the credit decision-making capabilities. On the basis of data analytics output, the Company undertakes a dynamic analysis of data and portfolio in real-time, detect risks, and takes remedial steps.

Furthermore, a stress testing system has been implemented to perform event-based sensitivity analysis and identify accounts that are under stress as a result of expected market movement. In the case of vulnerability to external triggers, effective risk mitigation would be implemented, reducing the Company's losses.

B. Operational Risk

Operational risk encompasses risk of loss resulting from insufficient or failing internal processes, people, and systems, as well as external events. It is associated with system failure, human error and inadequate policies and control measures. A breach of systems or processes could adversely IIFL HFL capital, business and reputation.

Mitigation

IIFL HFL has an operational risk management policy in place to address and mitigate risks. To maintain successful business operations and sufficiency of controls, the Company has in place robust internal control systems and regular monitoring procedures.

Effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, such as internal audit, risk containment units offer proactive vigilance and monitor transaction risk. Additionally, by digitising our credit operations, we have decreased our operational expenses.

C. Liquidity Risk

Liquidity risk arises due to inadequacy of liquid assets and/or limited access to external borrowing to meet contractual liabilities of different maturities, redemptions, regulatory requirements, or the Company's investment needs. Furthermore, external factors including volatile market rate, Government regulation and policies and tax changes can also have a detrimental effect on IIFL HFL liquidity.

Mitigation

The Company manages liquidity risk by maintaining sufficient cash and by having access to funding through an adequate amount of credit lines. We monitor liquidity risk through our Asset and Liability Management Committee in line with a well-defined Asset Liability Management (ALM) Framework. This is regularly monitored to effectively manage maturity profiles of financial assets and financial liabilities including debt financing, cash and cash equivalent instruments.

D. Market Risk

Market risk refers to the possibility of a decrease in the value of the Company's on-balance-sheet or off-balance-sheet assets held for trading, or a rise in the value of its liabilities held for trading. IIFL's market positions could be affected due to fluctuations in interest rates, foreign exchange rates, equity prices, credit spreads, and/or commodity prices, resulting in a loss of earnings and capital.

• **Interest Rate Risk -** We are subject to interest rate risk, primarily since we lend to customers at rates and for maturity periods that may differ from our funding sources. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors.

Mitigation

In order to manage interest rate risk, we seek to optimize our borrowing profile between short-term and long-term loans. Though our interest rate risk remains in sync with our lending and borrowing function, we always try to manage interest rate risk, by optimizing our borrowing profile between short-term and long-term loans. We adopt funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds.

• **Foreign Exchange Risk -** Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from banks and External Commercial Borrowings (ECB).

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Mitigation

The Company has a conservative policy of hedging its foreign currency exposure through Forward contracts and/or Cross Currency Interest Rate Swaps in such a way that it has fixed determinate outflows in its functional currency, and thus there would be no significant impact on the Company's profit before tax (PBT) and equity if foreign currency rates moved.

• **Price Risk -**Price risk is the risk that the value of a security or investment will decrease. The Company uses tools such as sensitivity analysis, price trend analysis etc. to hedge the price risk.

IIFL HFL makes certain that all investments follow the investment policy. These include establishing strict controls and limits, reporting positions on a regular basis, conducting independent reviews of all controls and limits on a regular basis, and testing and auditing all pricing, risk management, and accounting systems.

E. Regulatory Risk

IIFL could have a material impact on its business on account of non-adherence, to the laws and regulation by the Government or regulatory bodies including NHB, SEBI, RBI etc. Furthermore, the Company also faces uncertainty of an unfavorable regulatory environment and policies.

Mitigation

In order to minimise the material impact on business and costs, IIFL HFL regularly reviews and monitors all regulatory directives and makes prompt changes in its systems and practices, realigning itself with the changed regulatory framework.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

IIFL HFL risk management framework includes an internal control system consummate to the size, scope, and complexity of our operations. The Company has emphasised on digitizing its internal control systems, which would help in reducing the overall cost burden. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff training and assessment processes, including the use of internal audit. And to ensure accuracy in recording financial information, safeguarding assets from unauthorised use, preventing and detecting frauds and errors, completeness of accounting records, timely preparation of reliable financial information and compliance with statutes and laws, the Company follows stringent procedures, systems, policies, and processes.

The Company's Internal Audit (IA) is an independent activity and is headed by Head-Internal Audit who works under the guidance and supervision of the Audit Committee of the Board. To manage different risks across various products and processes, the Company has adopted the 'three lines of defence' risk governance model. The first line of defence role is the line management while second line consists of Risk management and Compliance functions and third line of defence is the Audit function.

Internal Audit function (IAF) works in close coordination with Risk Management and Compliance Department to evaluate effectiveness of controls, assess compliance with controls and adherence to internal process and procedures. IA is conducted as per the Annual Risk Based Audit Plan approved by the Audit Committee. For the purpose of audit planning, activities are assessed based on their inherent and control risk. The IAF carries out a risk assessment exercise to identify the same on an annual basis. Based on the risk assessment the frequency of audit at these activities is decided. Further the scope of internal audit covers all aspects of business including credit, technical, legal, operations and compliances. It lays emphasis to check on process controls, measures undertaken by the Company to monitor risk and to check on leakages or frauds. The Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of business, regulatory prescriptions and the size of its operations. Moreover, the Company is ISO/IEC 27001:2013 certified and also implemented effective information security processes reinforcing our commitment to provide robust and secure technology for all our customers.

The Board/Audit Committee reviews the overall risk management framework and the adequacy of internal controls instituted by the management team. The Audit Committee reviews major instances of attempted fraud or actual fraud on a quarterly basis and actions are taken on the same. It also focuses on the implementation of the necessary systems and controls to strengthen the system and prevent such recurrence.

HUMAN RESOURCE MANAGEMENT

IIFL Home Finance believes in the distinctive capabilities human resources can bring to an organization. The Company has continuously invested in a seamless recruitment process, employee trainings, and developed a supportive workplace to retain valuable talent within the organization. The Company has constantly leveraged on its digital capabilities, to enhance the skills of our people. While maintaining a culture of fairness, integrity, and transparency, the Company strives to remain nimble, sensitive and ambitious. We have been certified by the Great Place to Work Survey fourth year in a row. Total number of employees as on 31st March for the Company is 2627.

A. Employee Engagement Initiative

At IIFL Home Finance, we believe in maintaining an inclusive and equitable workplace environment. The Company believes diversity in hiring which is essential to enhancing the knowledge capital. We ensure that employees are not discriminated on the basis of gender, race, color, religion, age or caste. The Company emphasizes on Performance and Rewards, Optimised HR Policy and Process, Workplace Learning, Engagement and Wellness, and Recruitment Trends. The CEO meets with all the employees in quarterly townhall - CPLogue where top performers are applauded, sharing of past achievements, next quarter's targets for the company, and addressing queries by the employees every quarter during the 'CPlogue: HFC Townhall with the CEO.' Other team interactions like Power60 over zoom, HR virtual and physical visits are continuously conducted to keep the team connected. The Company recognizes and rewards top performers and innovators at annual R&R meets. It also has an AI Chabot that acts as a feedback and suggestions mechanism for our people. Establishing a direct connection between the management and the employee for instant resolutions. We initiated 'Gupshup' series under DEI to ensure that the door of communication is open between all teams during the onset of pandemic. All the important days are equally celebrated in our Company.

B. Employee Health and Safety

Health and safety are the important facets for an organization. Our health and safety policy guides the workplace environment, and related policies governing workplace. It helps us to safeguard the health and safety of our employees, customers, other stakeholders and visitors. The Company continuously focuses on improving occupation health and safety practices, raising awareness at workplace and guiding the employees to commit to health and safety standards. Furthermore, the Company also persuades and educates its business partners to follow the same health and safety standards.

IIFL HFL teamed up with 'Cultfit', a health and wellness app to inculcate a culture of fitness and wellbeing in the Company. The employees are given fitness challenges every month to motivate them in their fitness journey. Apart from this, there are also fitness workouts and nutritional sessions organized to highlight the importance of eating healthy food to help the employees achieve their fitness goals. The employees have also been provided with a community trainer, who conducts sessions, answers queries and rolls out daily targets to the employees to keep the motivation levels high towards fitness.

Apart from this, we were among the initial NBFC's to conduct COVID-19 vaccination drives at all major locations pan-India where first second vaccination doses were administered to the employees. We also conducted multiple doctor consultations to the office for employees to get their health check-ups done free of cost and also tied up with Fortis and Max hospitals to ensure that all employees have access to medical care at a discounted price especially during the Covid-19 waves. The male DSTs and CLMs were also provided with Gillette grooming kits to highlight the importance of personal grooming and all women employees were provided with Pee Safe kits to highlight the importance of female hygiene. Sanitary pads dispensing machines have also been installed in the office premises to ensure that the women employees have access to sanitary pads as and when they require the same.

IIFL has also teamed up with wellness app 'Your Dost' which provides therapy to all employees anonymously. All employees can log into the app and speak to a therapist they are most comfortable with free of cost to help them deal with the stresses of their personal and professional lives.

During the pandemic, we invoked Business Continuity Planning (BCP) to ensure smooth workflow and employee safety. The procedures and personnel were shifted to a work-from-home environment. We quickly adapted to the new standards, from virtual meetings and virtual celebrations to acquiring new soft skills and adopting new lifestyles. We also launched Employee Assistance Programme (EAP) services to ensure mental support to our employees. IIFL HFL established COVID-19 response teams at the national and regional levels. These groups were responsible for overseeing staff safety protocols at the offices and ensuring that local Government instructions were followed.

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

C. Training and Development

IIFL HFL continuously engages with the employees and invests in their learning, growth, and development. The Company provides extensive induction and classroom training to the new recruits and managers. It regularly organises virtual training sessions for its existing as well as new employees to help them understand the organizational values and align with the corporate goals and strategies. We also provide upskill, reskill and align with the corporate goals function-specific training to our people through multimedia as Virtual Instructor-Led Trainings (VILTs). We had one-on-one coaching conducted for our leaders by an industry renowned coach, advancing the learning curve of our people and strengthening the foundation of our organization. Furthermore, to help the team stay connected and enhance team bonding, the Company organises lunch brunch sessions. We organised trainings for our DSTs on the importance of road safety and wellbeing to ensure they are equipped with the knowledge on safety when traveling for work. Moreover, we also organised workshops for women to help them tackle workplace bullying and post pandemic emotional quotient (EQ) and adversity quotient (AQ) to sensitize the women employees on how to manage their professional and personal lives during the pandemic.

D. Performance Management and Rewards

IIFL HFL evaluates the performance of its employees using the Performance Assessment and Review System (PARS) framework. The system is a transparent and quantifiable tool that evaluates employees on their previous financial year's performance and operates on a four-point scale: Flier, Runner, Walker, and Learner.

Individual Performance Metrics (IPMs) are well-defined at the beginning of the financial year. It guides our employees throughout the year aligning them with the organization's objectives. Each department and designation have its own set of IPMs, which are adapted to their respective roles and geographic area. IPMs for business development professionals are focused on boosting revenue, whereas IPMs for file processing departments are focused on improving business consistency while maintaining file turnaround time. The goal of IPMs in support departments is to enhance processes continuously. IPMs are also characterised at the mid and senior levels by the quality of business sourced and the maintenance of a healthy business mix.

OUTLOOK

The economy has undergone significant recovery with positive momentum across all economic indicators. With more than 1 billion population vaccinated in India and low COVID-19 positive rates, the public morale has improved. Businesses have gradually picked up pace and consumer spending has increased. With safety measures in place, the economy's growth momentum appears to be on the upswing. However, concern remains due to the escalating inflation from crude price rise, the Ukraine crisis, and the possibility of a new COVID-19 breakout.

With the improving economic outlook and the Indian Government's increasing attention on infrastructure and construction, the future for NBFC HFCs remains bright. In 2021-22, NBFC/HFC housing credit is likely to rise at a rate of 8-10%, with credit expected to grow at a rate of 9-11% in 2022-23 backed by tech-based modernization across the value chain. Government measures such as partial credit guarantee schemes coupled with RBI's co-lending model, is expected to improve the liquidity as well as the asset-liability profile of the HFCs. IIFL HFL continues to focus on financing affordable homes and expanding product reach with competitive offerings. The Company's core objectives of a technologically robust infrastructure, sound risk management, seamless loan processing and asset light model remain intact.

Sources: CRISIL Research

CAUTIONARY STATEMENT

This document contains forward-looking statements and information. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. The Company does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differ from those anticipated.

For and on behalf of the Board of Directors of
IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Date: April 25, 2022

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of IIFL Home Finance Limited (Formerly Known As India Infoline Housing Finance Limited) on the Audit of the Standalone Financial Statements

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of IIFL Home Finance Limited (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 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 standalone financial statements in accordance with the Standards on Auditing ("the SAs") specified under sub-section (10) of section 143 of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 7.1 to the standalone financial statements with respect to the management's evaluation of COVID-19 impact on the future performance of the Company. This assessment and the outcome of the pandemic are made by the management and is highly dependent on the circumstances as they evolve in the subsequent periods. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
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 amortized 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:	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

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Key Audit Matter	How the matter was addressed in our audit
• 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 • 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 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 and 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.	• 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
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.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

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

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements, Consolidated Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the other information, 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 (Revised) "The Auditor's Responsibilities Relating to Other Information.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.

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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management and Board of Directors are 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i. Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under the 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.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

iv. 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 Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the financial year ended March 31, 2022 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 Matter

The Standalone Financial Statements of the Company for the year ended March 31, 2021 was audited by M.P. Chitale & Co, one of the joint statutory auditors of the Company who expressed an unmodified opinion on those Standalone Financial Statements vide their report dated April 28, 2021.

Our opinion on the Standalone Financial Statements is not modified in respect of the above matter.

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 of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

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;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, 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;

   d. in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended;

   e. on the basis of written representations received from the directors, as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, 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 with reference to Standalone Financial Statements 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, including sitting fees paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act;

INDEPENDENT AUDITOR'S REPORT (CONTD.)

h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 36(b) to the Standalone Financial Statements.

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

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Company.

   iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 38B i.(i) to the standalone financial statements no funds (which are material either individually or in the aggregate) 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, as disclosed in the note 38B i.(ii) to the standalone financial statements no funds (which are material either individually or in the aggregate) 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;

   (c) Based on the audit procedures that have been 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

   v. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013.

For **Suresh Surana and Associates LLP**
Chartered Accountants
Firm Regn. No. 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 22102306AHUECN4285

Place: Mumbai
Date: April 25, 2022

For M.P. Chitale & Co.
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 22145160AHUEIP7016

Place: Mumbai
Date: April 25, 2022

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 Under 'Report On Other Legal And Regulatory Requirements' Section of our Report to the Members of IIFL Home Finance Limited (Formerly Known as India Infoline Housing Finance Limited) of even date)

(i) (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(A) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment and relevant details of Right of Use Assets.

(B) The Company has maintained proper records showing full particulars of its Intangible assets.

(b) In our opinion, the Company's program of verifying Property, Plant and Equipment including Right of Use Assets once in three years, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such program, the physical verification of Property, Plant and Equipment, including Right of Use Assets, were not due during the current year and accordingly, not verified by the management during the year.

(c) According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising 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) classified as Property Plant and Equipment, are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use Assets) and intangible assets during the year.

(e) According to the information and explanations given to us and based on management representations, there are no proceedings initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is in business of Housing Finance. Therefore, it does not hold any physical inventories. Accordingly, paragraph 3(ii) (a) of the Order is not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. According to information and explanation given to us and the records examined by us, the revised quarterly returns or statements for the quarters ended June 2021, September 2021 and December 2021 filed by the Company during the year with such banks or financial institutions are in agreement with books of account. Further, in respect of quarter ended March 2022, the return has been filed based on the provisional financial statements and the revised return will be filled based on the audited financial statements.

(iii) (a) Since the Company is in business of Housing Finance, the reporting under clause 3(iii)(a) of the Order is not applicable to the Company

(b) The Company has made investments, provided security, and granted loans and advances in loans to companies, firms, Limited Liability Partnerships or any other parties. In our opinion, the investments made, security provided and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the interest of the Company.

(c) The Company is principally engaged in the business of providing loans.

In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 14,371 cases having loan outstanding balance at year end aggregating to Rs. 20,784.57 million wherein the repayments of principal and interest are not regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where repayment of principal and interest have not been regular.

(d) In respect of loans granted by the Company, the total amount overdue for more than 90 days as at the balance sheet date are as under;

No. of cases	Principal amount overdue (Rs. Million)	Interest overdue (Rs. Million)	Total overdue
2191	144.02	727.39	871.41

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT (CONTD.)

According to information and explanation given to us and the records examined by us, the Company has taken reasonable steps to recover the principal and interest amount.

(e) Since the Company is in business of Housing Finance, the reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment.

(iv) There are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are attracted. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended for the services of the Company, and, hence, reporting on clause 3 (vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us, and on the basis of examination of the books of account of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amount payable were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income in the tax assessments made during the year under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority during the year.

(c) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised, other than temporary deployment of borrowings aggregating to ₹ 4,000 million in Bank accounts/Bank Fixed Deposit and Mutual Fund, pending utilization of funds as per respective sanction terms.

(d) On an overall examination of the Standalone Financial Statements of the Company, no funds raised on short-term basis have been prima facie used for long-term purposes during the year by the Company.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary and Associate;

(f) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has not raised loans during the year on the pledge of securities held in its subsidiary and associate and therefore, reporting under clause 3(ix)(f) of the Order is not applicable to the Company.

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT (CONTD.)

(x) (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, money raised by way of public offer through debt instruments during the year were applied for the purposes for which those are raised.

(b) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company

(xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, we have not come across any instance of material fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by management.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) According to the information and explanations given to us, we have not come across any instance of whistle blower complaints reported during the year, nor have we been informed of such case by management.

(xii) The Company is not a Nidhi Company and hence, reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(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.

(xv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

(b) The Company is a Housing Finance Company and it holds a valid Certificate of Registration (CoR) from the National Housing Bank issued under Section 29A(2) of the National Housing Bank Act 1987 for conducting housing finance business.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(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 to the Company.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements 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.

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT (CONTD.)

(xx) (a) In respect of other than ongoing projects, the Company does not have any amount unspent to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company for the year.

(b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the current financial year, to a Special account within a period of 30 days from the end of the current financial year in compliance with the provision of section 135(6) of the Act.

For **Suresh Surana and Associates LLP**
Chartered Accountants
Firm Regn. No. 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 22102306AHUECN4285

For M.P. Chitale & Co.
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 22145160AHUEIP7016

Place: Mumbai
Date: April 25, 2022

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 2(F) Under 'Report on other Legal and Regulatory Requirements' Section of our Report to the Members of IIFL Home Finance Limited (Formerly Known As India Infoline Housing Finance Limited) of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (I) of Sub-Section (3) of Section 143 of the Companies Act, 2013 (The 'Act')

We have audited the internal financial controls with reference to financial reporting of **IIFL Home Finance Limited** (hereinafter referred to as "the Company") as of March 31, 2022 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 and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to the audit of internal financial controls with reference to Standalone Financial Statements. 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 with reference to 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 with reference to financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, 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 Standalone 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 internal financial controls with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements.

A Company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone Financial Statements 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations 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 Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls With reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, 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

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT (CONTD.)

financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal financial controls with reference to Financial Statements 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 **Suresh Surana and Associates LLP**
Chartered Accountants
Firm Regn. No. 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 22102306AHUECN4285

For M.P. Chitale & Co.
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 22145160AHUEIP7016

Place: Mumbai
Date: April 25, 2022

STANDALONE BALANCE SHEET
AS AT MARCH 31, 2022

(₹ in million)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	4A	13,987.31	4,123.27
(b) Bank balance other than (a) above	4B	4,332.94	4,437.40
(c) Receivables	6		
(I) Trade receivables		344.10	306.35
(d) Loans	7	152,902.21	145,649.23
(e) Investments	8	3,832.63	1,672.20
(f) Other financial assets	9	3,570.97	2,339.72
(2) Non-financial Assets			
(a) Current tax assets (net)		55.06	143.57
(b) Deferred tax assets (net)	10	640.91	701.71
(c) Investment Property	11A	66.30	70.05
(d) Property, plant and equipment	11B	65.51	24.84
(e) Right of use assets	12A	154.52	135.76
(f) Other intangible assets	12B	1.82	1.26
(g) Other non-financial assets	13	47.74	33.28
(h) Assets held for sale	14	96.99	139.46
Total Assets		**180,099.01**	**159,778.10**
LIABILITIES AND EQUITY			
(1) Financial Liabilities			
(a) Derivative financial instruments	5	50.58	292.08
(b) Payables	15		
(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		508.11	351.58
(c) Finance Lease Obligation	12A	173.82	149.03
(d) Debt securities	16	22,179.86	21,027.50
(e) Borrowings (other than debt securities)	17	109,449.34	104,708.22
(f) Subordinated liabilities	18	10,576.86	4,366.73
(g) Other financial liabilities	19	9,444.46	5,853.89
(2) Non-financial Liabilities			
(a) Current tax liabilities (net)		260.35	312.59
(b) Provisions	20	140.50	125.78
(c) Other non-financial liabilities	21	508.09	1,133.61
(3) EQUITY			
(a) Equity share capital	22	209.68	209.68
(b) Other equity	23	26,597.36	21,247.41
Total liabilities and equity		**180,099.01**	**159,778.10**
See accompanying notes forming part of the financial statements	1-46		

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner
Place: Mumbai

Date: April 25, 2022

For Suresh Surana & Associates LLP
Chartered Accountants

Ramesh Gupta
Partner
Place: Mumbai

For and on behalf of the Board of Directors of IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars		Note No.	2021-22	2020-21
	REVENUE FROM OPERATIONS			
	(i) Interest income	24	18,757.45	17,786.63
	(ii) Dividend income	25	-	40.71
	(iii) Fees and commission income	26	769.56	647.38
	(iv) Net gain on fair value changes	27	63.16	185.01
	(v) Net gain on derecognition of financial instruments under amortized cost category	28.1	109.24	139.17
	(vi) Net gain on derecognition of financial instruments under under FVTOCI	28.2	1,158.76	770.76
	(vii) Net gain on modification of financial instruments under amortized cost category		2.59	-
(I)	**TOTAL REVENUE FROM OPERATIONS**		**20,860.76**	**19,569.66**
(II)	**OTHER INCOME**	29	1,353.65	1,107.84
(III)	**TOTAL INCOME (I+II)**		**22,214.41**	**20,677.50**
	EXPENSES			
	(i) Finance costs	30	10,624.80	10,532.73
	(ii) Net loss on modification of financial instruments under amortized cost category		-	73.27
	(iii) Impairment on financial instruments, including write-offs	31	1,599.99	2,716.87
	(iv) Employee benefits expenses	32	1,717.00	1,584.43
	(v) Depreciation, amortization and impairment	11A-12B	66.91	84.75
	(vi) Other expenses	33	746.08	585.61
(IV)	**TOTAL EXPENSES**		**14,754.78**	**15,577.66**
(V)	**PROFIT BEFORE TAX (III -IV)**		**7,459.63**	**5,099.84**
(VI)	**TAX EXPENSES:**			
	(i) Current tax	34	1,701.00	1,419.33
	(ii) Deferred tax	10	(34.62)	(331.41)
	(iii) Tax of earlier years	34	13.30	0.97
	Total Tax Expenses		**1,679.68**	**1,088.89**
(VII)	**PROFIT FOR THE YEAR (V-VI)**		**5,779.95**	**4,010.95**
(VIII)	**OTHER COMPREHENSIVE INCOME**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit liabilities/(assets)		1.11	15.58
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.28)	(3.92)
	Subtotal (A)		**0.83**	**11.66**
	B (i) Items that will be reclassified to profit or loss			
	(a) Cash Flow Hedge (net)		128.35	(47.75)
	(b) Fair value of loans carried at FVTOCI		136.52	(7.64)
	(ii) Income tax relating to items that will be reclassified to profit or loss		(66.66)	13.94
	Subtotal (B)		**198.21**	**(41.45)**
	Other Comprehensive Income (A+B)		**199.04**	**(29.79)**
(IX)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (VII+VIII)**		**5,978.99**	**3,981.16**
(X)	**EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH**	35		
	Basic (₹)		275.65	191.29
	Diluted (₹)		275.65	191.29

See accompanying notes forming part of the financial statements 1-46

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner
Place: Mumbai

Date: April 25, 2022

For Suresh Surana & Associates LLP
Chartered Accountants

Ramesh Gupta
Partner
Place: Mumbai

For and on behalf of the Board of Directors of IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

A. EQUITY SHARE CAPITAL

1. As at March 31, 2022

(₹ in million)

Balance at the beginning of the current reporting year	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting year	Changes in equity share capital during the current year	Balance at the end of the current reporting year
209.68	-	-	-	209.68

2. As at March 31, 2021

(₹ in million)

Balance at the beginning of the previous reporting year	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the previous reporting year	Changes in equity share capital during the previous year	Balance at the end of the previous reporting year
209.68	-	-	-	209.68

B. OTHER EQUITY

1. As at March 31, 2022

(₹ in million)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total
	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Retained Earnings	Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI	
Balance at the beginning of the current reporting year	**7,991.57**	**1,438.60**	**2,873.70**	**9,121.51**	**(5.89)**	**(166.36)**	**(5.72)**	**21,247.41**
Profit for the year	-	-	-	5,779.95	-	-	-	**5,779.95**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 1)	-	-	-		-	96.05	-	**96.05**
Remeasurement of defined benefit (Net of Tax) (Refer Note 2)	-	-	-		0.83	-	-	**0.83**
Equity Dividend (Refer Note 3)	-	-	-	(629.05)	-	-	-	**(629.05)**
Transfer to Special Reserve (Refer Note 4)	-	-	1,156.00	(1,156.00)	-	-	-	**-**
Fair value of loans carried at FVTOCI	-	-	-	-	-	-	102.17	**102.17**
Balance at the end of the Current reporting year	**7,991.57**	**1,438.60**	**4,029.70**	**13,116.41**	**(5.06)**	**(70.31)**	**96.45**	**26,597.36**

2. As at March 31, 2021

(₹ in million)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total
	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Retained Earnings	Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI	
Balance at the beginning of the Previous reporting year	**7,991.57**	**1,438.60**	**2,068.70**	**6,439.76**	**(17.54)**	**(130.62)**	**-**	**17,790.46**
Profit for the year	-	-	-	4,010.95	-	-	-	**4,010.95**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 1)	-	-	-	-	-	(35.74)	-	**(35.74)**

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total
	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Retained Earnings	Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI	
Remeasurement of defined benefit (Net of Tax) (Refer Note 2)	-	-	-	-	11.66	-	-	**11.66**
Equity Dividend (Refer Note 3)	-	-	-	(524.20)	-	-	-	**(524.20)**
Transfer to Special Reserve (Refer Note 4)	-	-	805.00	(805.00)	-	-	-	**-**
Fair value of loans carried at FVTOCI	-	-	-	-	-	-	(5.72)	**(5.72)**
Balance at the end of the Previous reporting year	**7,991.57**	**1,438.60**	**2,873.70**	**9,121.51**	**(5.89)**	**(166.36)**	**(5.72)**	**21,247.41**

1. The amount refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
2. The amount 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.
3. During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 30 per equity share (P.Y. ₹ 25).
4. As per Section 29C(1) of National Housing Bank Act 1987, the Company is required to transfer at least 20% of its Net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act,1961 is considered to be an eligible transfer.

See accompanying notes forming part of the financial statements

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner
Place: Mumbai

Date: April 25, 2022

For Suresh Surana & Associates LLP
Chartered Accountants

Ramesh Gupta
Partner
Place: Mumbai

For and on behalf of the Board of Directors of IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	Note No.	2021-22	2020-21
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX		**7,459.63**	**5,099.84**
ADJUSTMENTS FOR:			
Depreciation, amortization and impairment		66.91	84.75
Impairment on financial instruments - loans		1,051.60	2,214.18
Interest expense		10,624.80	10,532.73
Interest on Loans		(18,757.45)	(17,786.63)
Net gain on derecognition of financial instruments		(1,229.72)	(866.01)
Net (gain)/loss on fair value changes		(63.16)	(183.56)
Net (gain)/loss on Sale of assets		0.31	14.29
Interest paid		(12,187.71)	(11,067.45)
(Gain)/Loss on termination		-	(6.20)
(Gain)/Loss on Modification		(2.59)	73.27
Interest received		18,984.65	17,954.16
(Gain)/Loss on buy back of Debt Securities		-	(1.45)
Operating Profit before Working Capital changes		**5,947.27**	**6,061.92**
CHANGES IN WORKING CAPITAL:			
Adjustments for (increase)/decrease in Other Financial assets		(185.66)	(197.74)
Adjustments for (increase)/decrease in Trade Receivables		(38.52)	(124.72)
Adjustments for (increase)/decrease in Other Non Financial assets		(15.84)	2.81
Adjustments for (increase)/decrease in Assets held for sale		42.47	(139.46)
Adjustments for (increase)/decrease in Balances with banks - Lien marked		(37.20)	1,058.78
Adjustments for increase/(decrease) in Trade Payables		156.52	60.84
Adjustments for increase/(decrease) in Other financial liabilities		3,590.57	3,271.12
Adjustments for increase/(decrease) in Other non-financial liabilities		(625.52)	922.86
Adjustments for increase/(decrease) in Provisions		20.72	(24.65)
Operating Profit after Working Capital changes		**8,854.81**	**10,891.76**
Direct Taxes Paid (Refer Note Below)		(1,649.56)	(1,223.05)

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	Note No.	2021-22	2020-21
Cash generated from/(used in) Operations		**7,205.25**	**9,668.71**
Loans (disbursed)/repaid (net)		(8,208.23)	(18,645.17)
Net cash generated from/(used in) Operating Activities (A)		**(1,002.98)**	**(8,976.46)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(71.35)	(9.39)
Sale of fixed assets		4.64	3.98
Fixed deposits placed		(17,844.97)	(82,622.53)
Fixed deposits matured		17,986.20	80,681.91
Purchase of investments		(241,493.50)	(165,446.23)
Proceeds from sale of investments		239,396.23	164,491.68
Proceeds from sale of investment property		-	24.10
Net Cash used in Investing Activities (B)		**(2,022.75)**	**(2,876.48)**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(629.05)	(524.20)
Proceeds from Borrowings		43,418.40	32,980.00
Repayment of Borrowings		(38,517.96)	(23,157.85)
Proceeds from issue of Debt and Sub-Ordinated Debt Securities		19,004.53	14,620.00
Repayment of Debt and Sub-Ordinated Debt Securities		(10,342.48)	(17,136.06)
Payment of interest on lease liabilities		(13.78)	(17.42)
Payment of lease liabilities		(29.89)	(39.93)
Net Cash from/(used in) Financing Activities (C)		**12,889.77**	**6,724.54**
Net increase in cash and cash equivalents (A+B+C)		**9,864.04**	**(5,128.40)**
Cash and cash equivalents as at the beginning of the year		4,123.27	9,251.67
Cash and cash equivalents as at the end of the year		**13,987.31**	**4,123.27**
See accompanying notes forming part of the financial statements	1-46		

Note: As direct tax paid above is not specifically identifiable into financing and investing activities, they have been shown under operating activities.

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner
Place: Mumbai

Date: April 25, 2022

For Suresh Surana & Associates LLP
Chartered Accountants

Ramesh Gupta
Partner
Place: Mumbai

For and on behalf of the Board of Directors of IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE 1. CORPORATE INFORMATION

(a) Company overview

IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited) ("IIFL HFL"/"the Company") (CIN No. U65993MH2006PLC166475), is a wholly owned subsidiary of IIFL Finance Limited (formerly known as IIFL Holdings Limited). IIFL HFL received a Certificate of Registration from the National Housing Bank ("NHB") in February 2009 to carry on the business of a housing finance institution. IIFL HFL offers housing finance in line with 'The Housing Finance Companies (NHB) Directions, 2010' ("NHB Directions") and RBI Master Direction - Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended from time to time. The redeemable and Non-Convertible debentures of the Company are listed on National Stock Exchange (NSE).

NOTE 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 ("the Act") and the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the guidelines issued by the National Housing Bank ("NHB") and Reserve Bank of India (RBI) to the extent applicable and the relevant provisions of the Act.

(b) Basis of Preparation

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 Standards is initially adopted or a revision to an existing Accounting Standards requires a change in the accounting policy hitherto in use.

(c) Presentation of financial statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. 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 NHB and RBI. The Company presents its Balance Sheet in the order of liquidity.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to million except when otherwise stated.

(d) Basis of measurements

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair value.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

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 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 observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(e) Use of estimates and judgments

The preparation of the financial statements in conformity with Indian Accounting Standards (Ind AS) requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

i. Evaluation of Business Model

Classification and measurement of financial instruments depends on the results of the solely payments of principal and interest on the principal amount outstanding ("SPPI") and the business model test. The Company determines the business model at a level that reflects how the Company's financial instruments are managed together to achieve a particular business objective.

The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

ii. Determination of Expected Credit Loss ("ECL")

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows based on Company's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Company's criteria for assessing if there has been a significant increase in credit risk.
- Development of ECL models, including choice of inputs/assumptions used.

iii. Effective interest rate computation

Computation of effective interest rate involves significant estimates and judgements with respect to expected loan tenure (period within which all cash flows pertaining to such financial instruments are expected to be received), nature and timings of such estimated cashflows considering the contractual terms of the financial instrument. These estimations are done considering various factors such as historical behavior patterns of the instrument with respect to average repayment period and cash flows behaviors. Such estimates and assumptions are reviewed by the Company at each reporting date and changes, if any are given effect to.

iv. Fair Value Measurements

In case of financial assets and financial liabilities recorded or disclosed in financial statements the Company uses the quoted prices in active markets for identical assets or based on inputs which are observable either directly or indirectly for determining the fair value. However in certain cases, the Company adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Company has applied appropriate valuation techniques and inputs to the valuation model.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

v. Taxes

The Company's tax jurisdiction is in India.

Significant judgements are involved in determining the provision for direct and indirect taxes, including amount expected to be paid/ recovered for certain tax positions.

vi. Provisions and Liabilities

Provisions and liabilities are recognized in the period when they become probable that there will be an outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires judgment to existing facts and circumstances which may be subject to change.

vii. Defined Benefit Plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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.

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.

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 contractual terms of the instrument.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

Penal Interest are recognized as income only when revenue is virtually certain which generally coincides with receipts.

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. Fees and charges are recognized as income only when revenue is virtually certain which generally coincides with receipts.

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 Income

Other income 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 cost of acquisition (net of tax), if any, less accumulated depreciation and cumulative impairment losses (if any). Cost includes freight, duties, taxes and expenses incidental to acquisition and installation.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the opening written down value as per Previous GAAP on the transition date of April 1, 2017.

An item of property, plant and equipment 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 property, plant and equipment 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.

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.

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.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

(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 or Loss in the period in which the Investment property is derecognized.

(e) Depreciation and Amortization

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 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 as per Schedule II Companies Act	Useful life as per Company
Investment property Real Estate*	60 years/30 years	20 years
Computers	3 years	3 years
Office equipment	5 years	5 years
Electrical Equipment*	10 years	5 years
Furniture and fixtures*	10 years	5 years
Vehicles*	8 years	5 years

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

Depreciation and amortization on impaired asset is provided on the revised carrying amount of the asset over its remaining useful life.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(f) Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

The Company repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets physically acquired by the Company under SARFASI Act, 2002 and sale is highly probable has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Company is committed to sell these assets. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(g) Impairment of Assets other than financials 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.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

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 subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

(h) Employee benefits

i. Defined contribution plans

The Company's contribution towards Provident Fund, Family Pension Fund and ESIC 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.

ii. 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.

Postemployment 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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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 such as long term compensated absences, is measured at present value of estimated future cash flows expected to be made by the Company and is recognized in a similar manner as in the case of defined benefit plan above.

(i) 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 comprizes 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.

(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 assets are generally recognized for all taxable temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognized and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognized outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Current and deferred tax for the year

Current and deferred tax are recognized in the Statement of profit or 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

Recognition and Initial Measurement

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. Purchase and sale of financial assets are recognized on the trade date, which is the date on which 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 Statement of Profit and Loss.

Financial assets

Classification and Subsequent 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, specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost.

Financial Assets 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 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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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 or 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 or Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

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.

All equity investments in scope of Ind AS 109 are measured at fair value are classified as at FVTPL. The Company may make an irrevocable election to present certain equity investments measured at fair value through other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Company may transfer the cumulative gain or loss within equity.

Reclassifications

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in Statement of Profit and Loss.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

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.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company has established a policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

Based on the above process, the Company categorizes its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognized, the Company recognizes an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown an increase in credit risk since origination, the Company records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans shows significant increase in credit risk and/or are considered credit-impaired, the Company records an allowance for the life time expected credit losses.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. This expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Key elements of ECL computation are outlined below:

- Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

- 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. PD is calculated based on historical default rate summary of past years using historical analysis.
- Loss given default ("LGD") estimates the normalized loss which Company incurs post customer default. It is computed using historical loss and recovery experience. It is usually expressed as a percentage of the Exposure at default ("EAD").

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. If there has been a significant increase in credit risk the Company measures the loss allowance based on lifetime rather than 12-month ECL. 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.

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 is based on both qualitative and quantitative indicators such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

Modification and de-recognition 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.

Assignment transactions

Transfer of loans through assignment transaction can be made only after continuing involvement in loans i.e retaining a minimum specific percentage of loan but without retaining any substantial risk and reward in the loan assigned. The assigned portion of loans is derecognized and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contracts. Gain/loss arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding loan is derecognized from the Balance Sheet immediately. Further, if the transfer of loan qualifies for derecognition, entire interest spread at its present value (discounted over the life of the asset) is recognized on the date of derecognition itself as interest strip receivable (interest strip on assignment) and correspondingly presented as gain/loss on derecognition of financial asset.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Securitization transactions

In case of securitization transactions, the Company retains substantially all the risks and rewards of ownership of a portion of the transferred loan assets. The Company continues to recognize the entire loan and also recognizes a collateralized borrowing for the proceeds received.

Write-off

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

Financial liabilities and equity Instruments

Debt and equity instruments that are issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

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.

(I) Derivative financial instrument

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially 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 profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Company 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 Company 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.

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.

(m) Investments in Subsidiaries and Associates

Investments in Subsidiaries and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

(n) Cash and cash equivalents

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. 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.

(o) 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.

(p) Borrowing costs

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortized cost.

(q) Foreign currencies

In preparing the 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.

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

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decision.

(s) 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. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company 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 not recognized in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

(t) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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.

(u) 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.

(v) 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.

(w) Dividend

Final dividend on equity shares are recorded as a liability on the date of the approval by the shareholders and interim dividend are recorded as liability on the date of declaration by the Company's Board of Directors.

(x) 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.

NOTE 3A. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its standalone financial statements.

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 4A. CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents		
Cash on hand	9.26	5.54
Balance with banks		
-In current accounts	1,646.36	3,117.66
Fixed deposits (original maturity less than or equal to three months)	12,331.69	1,000.07
Cash and cash equivalents	**13,987.31**	**4,123.27**

NOTE 4B. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Other bank balances		
In earmarked accounts		
- Unclaimed interest and redemption proceeds of NCDs and other earmarked balances	51.78	14.58
Fixed deposits (original maturity less than or equal to three months) - lien marked	1,500.73	2,276.88
Fixed deposits (original maturity more than three months)	2,780.43	2,145.94
Total	**4,332.94**	**4,437.40**

Out of the fixed deposits shown above:

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Lien marked	2,312.60	2,476.34
Margin for credit enhancement	1,968.56	1,909.03
Total	**4,281.16**	**4,385.37**

NOTE 5. DERIVATIVES FINANCIAL INSTRUMENTS

(₹ in million)

Part I	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair value - assets	Fair value - liabilities	Notional amounts	Fair value - assets	Fair value - liabilities
(i) Currency derivatives:						
- Cross currency interest rate swaps	3,630.75	-	50.58	3,630.75	-	292.08
Subtotal (i)	**3,630.75**	**-**	**50.58**	**3,630.75**	**-**	**292.08**
(ii) Other derivatives						
- Forward exchange contract	-	-	-	-	-	-
Subtotal (ii)	**-**	**-**	**-**	**-**	**-**	**-**
Total derivative (i+ii)	**3,630.75**	**-**	**50.58**	**3,630.75**	**-**	**292.08**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Part II	As at March 31, 2022			As at March 31, 2021		
	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) Cash flow hedging:						
- Currency derivatives	3,630.75	-	50.58	3,630.75	-	292.08
(ii) Undesignated derivatives	-	-	-	-	-	-
Total derivative financial instruments (i+ii)	**3,630.75**	**-**	**50.58**	**3,630.75**	**-**	**292.08**

Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. 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. Refer Note 5.1.

(₹ in million)

Particulars	Total		Exchange traded		Over the counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
As at March 31, 2022						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	**3,630.75**	**50.58**	-	-	3,630.75	50.58
As at March 31, 2021						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	**3,630.75**	**292.08**	-	-	3,630.75	292.08

5.1 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.

5.1.1 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 Company is exposed to interest rate risk arising from its foreign currency borrowings amounting to USD 50 million (March 31, 2021 USD 50 million). Interest on the borrowing is payable at a floating rate linked to USD LIBOR. The Company hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

The Company 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 arising from foreign currency loans/external commercial borrowings. 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 at each reporting date.

The Company uses Critical Terms Matching to determine Hedge effectiveness. If the hedge is ineffective, then the movement in the Fair Value is charged to the Statement of Profit and Loss. If the hedge is effective, the movement in the Fair Value of the underlying and the derivative instrument is transferred to "Other Comprehensive Income"" in Statement Of Changes In Equity.

There is an economic relationship between the hedged item and the hedging instrument as the critical 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 Company 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Notional amount	3,630.75	3,630.75
Carrying amount	50.58	292.08
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	96.04	(35.73)

(₹ in million)

Impact of hedging item	2021-22	2020-21
Change in fair value	96.04	(35.73)
Cash flow hedge reserve	96.04	(35.73)
Cost of hedging	-	-

(₹ in million)

Effect of Cash flow hedge	2021-22	2020-21
Total hedging gain/(loss) recognized in OCI	96.04	(35.73)
Line item in the statement of profit or loss	-	-

(₹ in million)

Particulars	2021-22	2020-21
(Gain)/Loss On Swap Transaction	241.50	(141.81)
(Gain)/Loss On Mark To Market On Fluctuation Of Foreign Exchange	(113.16)	94.06
Tax implication on above	(32.30)	12.02
Total	**96.04**	**(35.73)**

NOTE 6. RECEIVABLES

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Trade receivables		
Receivables considered good - unsecured	341.02	306.35
Receivables considered good - significant increase in credit risk	3.85	-
Total - gross	**344.87**	**306.35**
Less: Impairment loss allowance	(0.77)	-
Total	**344.10**	**306.35**

No trade receivables are due from Directors or any other officers of the Company either severally or jointly with any other person nor any trade receivables are due from firms or private companies respectively in which any Director is a Partner, Director or a Member.

Trade Receivables are not interest bearing.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Trade Receivables aging schedule

(₹ in million)

Particulars	Outstanding for following period from the date of transaction		Total
	Unbilled	Less than 6 Months	
As at March 31, 2022			
Undisputed Trade receivables – considered good.	25.80	315.22	**341.02**
Undisputed Trade receivables – significant increase in credit risk	-	3.85	**3.85**
As at March 31, 2021			
Undisputed Trade receivables – considered good.	19.91	286.44	**306.35**
Undisputed Trade receivables – significant increase in credit risk	-	-	**-**

NOTE 7. LOANS

(₹ in million)

Particulars	As at March 31, 2022		
	Amortized cost	FVTOCI	Total
	1	2	(3=1+2)
Loans			
(A)			
(i) Term loans	129,502.40	29,127.20	158,629.60
Total (A) - Gross	**129,502.40**	**29,127.20**	**158,629.60**
Less: Impairment loss allowance	(5,454.19)	(273.20)	(5,727.39)
Total (A) - Net	**124,048.21**	**28,854.00**	**152,902.21**
(B)			
(i) Secured by tangible assets	127,017.53	29,127.20	156,144.73
(ii) Secured by Government Guarantee	2,424.04	-	2,424.04
(iii) Unsecured	60.83	-	60.83
Total (B) - Gross	**129,502.40**	**29,127.20**	**158,629.60**
Less: Impairment loss allowance	(5,454.19)	(273.20)	(5,727.39)
Total (B) - Net	**124,048.21**	**28,854.00**	**152,902.21**
(C)			
Loans in India	**129,502.40**	**29,127.20**	**158,629.60**
(i) Public sector	-	-	-
(ii) Others	129,502.40	29,127.20	158,629.60
Less: Impairment loss allowance	(5,454.19)	(273.20)	(5,727.39)
Total (C) - Net	**124,048.21**	**28,854.00**	**152,902.21**

(₹ in million)

Particulars	As at March 31, 2021		
	Amortized cost	FVTOCI	Total
	1	2	(3=1+2)
Loans			
(A)			
(i) Term loans	126,720.45	23,523.44	150,243.89
Total (A) - Gross	**126,720.45**	**23,523.44**	**150,243.89**
Less: Impairment loss allowance	(4,338.14)	(256.52)	(4,594.66)
Total (A) - Net	**122,382.31**	**23,266.92**	**145,649.23**
(B)			
(i) Secured by tangible assets	124,813.75	23,488.53	148,302.28
(ii) Secured by Government Guarantee	1,881.62	34.91	1,916.53
(iii) Unsecured	25.08	-	25.08

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2021		
	Amortized cost	FVTOCI	Total
	1	2	(3=1+2)
Total (B) - Gross	**126,720.45**	**23,523.44**	**150,243.89**
Less: Impairment loss allowance	(4,338.14)	(256.52)	(4,594.66)
Total (B) - Net	**122,382.31**	**23,266.92**	**145,649.23**
(C)			
(I) Loans in India	**126,720.45**	**23,523.44**	**150,243.89**
(i) Public sector	-	-	-
(ii) Others	126,720.45	23,523.44	150,243.89
Less: Impairment loss allowance	(4,338.14)	(256.52)	(4,594.66)
Total (C) - Net	**122,382.31**	**23,266.92**	**145,649.23**

The above Term Loans includes ₹ 2,101.53 million (as at March 31, 2021, ₹ 1,924.04 million) towards interest accrued, unamortized processing fee, gain/loss on modification of financial assets and gain/loss on FVTOCI.

a. Secured loans given to customers are secured by equitable mortgage of property. 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.

b. Secured loans include loans aggregating in ₹ 6.28 million (as at March 31, 2021, ₹ 13.22 million) in respect of which the creation of security is under process.

Note 7.1:

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localized lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. India experienced a “second wave” of the COVID-19 pandemic in April-May 2021 following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns. These were gradually lifted as the second wave subsided.

The impact of COVID-19, including changes in customer behavior and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The extent to which the COVID-19 pandemic will continue to impact the Company’s results will depend on ongoing as well as future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

Note 7.2:

On November 12, 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On February 15, 2022, RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22, allowing the Company to put in place the necessary system to implement the provisions till September 30, 2022. The Company has continued to classify accounts as NPA as per RBI circular dated November 12, 2021 and aligned its definition of default from month end process to Days Past Due on day end process basis . However, the aforesaid classification/alignment does not have any significant impact on the Expected Credit Loss model and consequently on the financial statements for the year ended March 31, 2022.

Note 7.3:

The Company has not granted any loans or advances in the nature of loans, to promoters, Directors, KMPs and related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that are either repayable on demand or without specifying any terms or period of repayment during the year.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 8. INVESTMENTS

(₹ in million)

Particulars	As at March 31, 2022			
	FVTPL	At Amortized Cost	At Cost	Total
(A)				
Alternate Investment Funds	1,440.00	-	-	1,440.00
Debt securities	-	95.91	-	95.91
Equity instruments	-	-	2,296.72	2,296.72
Total – Gross (A)	**1,440.00**	**95.91**	**2,296.72**	**3,832.63**
(B)				
(i) Investments in India	1,440.00	95.91	2,296.72	3,832.63
Total (B)	**1,440.00**	**95.91**	**2,296.72**	**3,832.63**
(C)				
Less: Impairment loss allowance	-	-	-	-
Total- Net (A-C)	**1,440.00**	**95.91**	**2,296.72**	**3,832.63**

(₹ in million)

Particulars	As at March 31, 2021			
	FVTPL	At Amortized Cost	At Cost	Total
(A)				
Alternate Investment Funds	-	-	-	-
Debt securities	-	125.97	-	125.97
Equity instruments	-	-	1,546.23	1,546.23
Total – Gross (A)	**-**	**125.97**	**1,546.23**	**1,672.20**
(B)				
(i) Investments in India	-	125.97	1,546.23	1,672.20
Total (B)	**-**	**125.97**	**1,546.23**	**1,672.20**
(C)				
Less: Impairment loss allowance	-	-	-	-
Total- Net (A-C)	**-**	**125.97**	**1,546.23**	**1,672.20**

Note 8.1 Investment Details Script Wise

Particulars	As at March 31, 2022	
	Quantity (in actuals)	Carrying Value (₹ in million)
Alternate Investment Funds		
IIFL One Value Fund Series B	134,313,931	1,440.00
Debt instruments		
Elite Mortgage HL Trust June 2019 Series A PTC	5	95.91
Equity instruments in Subsidiary		
IIHFL Sales Limited	50,000	0.50
Equity instruments in Associate		
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	124,555,797	2,296.22

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Particulars	As at March 31, 2021	
	Quantity (in actuals)	Carrying Value (₹ in million)
Debt instruments		
Elite Mortgage HL Trust June 2019 Series A PTC	5	125.97
Equity instruments in Associate		
IIFL Samasta Limited (Formerly known as Samasta Microfinance Limited)	80,203,334	1,546.23

NOTE 9. OTHER FINANCIAL ASSETS

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits		
- Unsecured, considered good	19.77	15.45
- Unsecured, considered doubtful	8.04	8.46
Less: Provisions (Refer Note 9.1 below)	(8.04)	(8.46)
Interest strip asset on assignment	3,030.48	1,984.91
Other receivables	520.72	339.36
Total	**3,570.97**	**2,339.72**

Note 9.1. Provision on Security Deposits

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening provision	8.46	8.09
Additions	-	0.37
Reductions	(0.42)	-
Closing provision	**8.04**	**8.46**

NOTE 10. DEFERRED TAX ASSETS (NET)

Significant components of deferred tax assets and liabilities as at March 31, 2022 are as follows:

(₹ in million)

Particulars	Opening balance	Recognized in Statement of Profit and Loss	Recognized in/ reclassified from OCI	Closing balance
Deferred tax assets:				
Property, Plant and Equipment	6.84	(0.48)	-	6.36
Provisions for expected credit losses	1,016.64	264.67	-	1,281.31
Provision for employee benefits	12.55	3.95	(0.28)	16.22
Fair value of derivative financial instruments	73.50	-	(60.78)	12.72
Right of use of Assets and lease liabilities	4.49	1.52	-	6.01
Adjustment pertaining to income and expenses recognition based on effective interest rate	161.94	39.77	-	201.71
Total deferred tax assets (A)	**1,275.96**	**309.43**	**(61.06)**	**1,524.33**
Deferred tax liabilities:				
Provision for Bad and Doubtful debts under section 36(1)(viia)	(76.60)	(11.66)	-	(88.26)
Interest spread on assigned loans	(499.57)	(263.15)	-	(762.72)
Fair value of financial instruments	1.92	-	(34.36)	(32.44)
Total deferred tax liabilities (B)	**(574.25)**	**(274.81)**	**(34.36)**	**(883.42)**
Deferred tax assets (A+B)	**701.71**	**34.62**	**(95.42)**	**640.91**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Significant components of deferred tax assets and liabilities as at March 31, 2021 are as follows:

(₹ in million)

Particulars	Opening balance	Recognized in Statement of Profit and Loss	Recognized in/ reclassified from OCI	Closing balance
Deferred tax assets:				
Property, Plant and Equipment	3.85	2.99	-	6.84
Provisions for expected credit losses	436.66	579.98	-	1,016.64
Provision for employee benefits	23.42	(6.95)	(3.92)	12.55
Fair value of derivative financial instruments	37.81	-	35.69	73.50
Right of use of Assets and lease liabilities	3.81	0.68	-	4.49
Fair value of financial instruments	21.00	(21.00)	1.92	1.92
Adjustment pertaining to income and expenses recognition based on effective interest rate	115.63	46.31	-	161.94
Total deferred tax assets (A)	**642.18**	**602.01**	**33.69**	**1,277.88**
Deferred tax liabilities:				
Provision for Bad and Doubtful debts under section 36(1)(viia)	-	(76.60)	-	(76.60)
Interest spread on assigned loans	(305.58)	(193.99)	-	(499.57)
Total deferred tax liabilities (B)	**(305.58)**	**(270.59)**	**-**	**(576.17)**
Deferred tax assets (A+B)	**336.60**	**331.42**	**33.69**	**701.71**

NOTE 11A. INVESTMENT PROPERTY

(₹ in million)

Particulars	Buildings
As at March 31, 2020	**111.83**
Additions	-
Deductions/Adjustments	(36.99)
As at March 31, 2021	**74.84**
Additions	-
Deductions/Adjustments	-
As at March 31, 2022	**74.84**
Accumulated Depreciation	
As at March 31, 2020	**-**
Depreciation for the year	4.79
Deductions/Adjustments	-
As at March 31, 2021	**4.79**
Depreciation for the year	3.75
Deductions/Adjustments	-
As at March 31, 2022	**8.54**
Net Block as at March 31, 2021	**70.05**
Net Block as at March 31, 2022	**66.30**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 11A.1. Reconciliation of changes in the fair value of the Investment Property

(₹ in million)

Particulars	Buildings
As at March 31, 2020	**133.30**
Additions to fair value	-
Changes in the fair value (including sale)	(46.47)
As at March 31, 2021	**86.83**
Additions to fair value	-
Changes in the fair value (including sale)	0.97
As at March 31, 2022	**87.80**

The Fair Value of the Investment Property has been arrived on the basis of valuation carried out by an Independent Un-registered Valuer. The fair value measurement for investment property has been categorized as Level 2 fair value based on the inputs to the valuation technique used.

Note 11A.2. Title deeds of Immovable Property not held in name of the Company

(₹ in million)

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 Company
Investment Property	Building	27.50	Borrower to whom loan has been given	No	January 10, 2020	Acquired in the SARFAESI Proceedings
	Building	47.34	Borrower to whom loan has been given	No	December 31, 2019	Acquired in the SARFAESI Proceedings
Non-current Assets Held for Sale (Refer note 14)	Building (19 Properties)	96.99	Borrowers to whom loans were given	No	Repossessed between August 2017 to December 2020	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.

NOTE 11B. PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

Particulars	Freehold Land*	Furniture and Fixture	Office Equipment	Electrical Equipment	Computers	Total
As at March 31, 2020	**0.86**	**17.00**	**8.10**	**8.48**	**54.72**	**89.16**
Additions	-	2.39	0.51	0.53	10.68	**14.11**
Deductions/Adjustments	-	7.08	0.56	2.62	13.21	**23.47**
As at March 31, 2021	**0.86**	**12.31**	**8.05**	**6.39**	**52.19**	**79.80**
Additions	-	4.15	1.84	2.55	61.97	**70.51**
Deductions/Adjustments	-	1.20	0.37	1.23	11.37	**14.17**
As at March 31, 2022	**0.86**	**15.26**	**9.52**	**7.71**	**102.78**	**136.14**
Accumulated Depreciation						
As at March 31, 2020	**-**	**7.72**	**3.86**	**4.39**	**24.47**	**40.44**
Depreciation for the year	-	2.50	1.44	1.40	21.10	**26.44**
Deductions/Adjustments	-	2.68	0.30	1.82	7.12	**11.92**
As at March 31, 2021	**-**	**7.54**	**5.00**	**3.97**	**38.45**	**54.96**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	Freehold Land*	Furniture and Fixture	Office Equipment	Electrical Equipment	Computers	Total
Depreciation for the year	-	3.00	1.46	2.18	18.08	**24.72**
Deductions/Adjustments	-	0.96	0.21	1.05	6.83	**9.05**
As at March 31, 2022	**-**	**9.58**	**6.24**	**5.10**	**49.70**	**70.63**
Net Block as at March 31, 2021	**0.86**	**4.77**	**3.05**	**2.42**	**13.74**	**24.84**
Net Block as at March 31, 2022	**0.86**	**5.68**	**3.28**	**2.61**	**53.08**	**65.51**

* The above Freehold Land is hypothecated with Debenture Trustee(s) for issue of secured non-convertible debentures.

NOTE 12A. LEASES

Statement showing movement in lease liabilities

(₹ in million)

Particulars	Premises	Vehicle	Total
As at March 31, 2020	**239.39**	**14.10**	**253.49**
Additions	4.81	0.99	**5.80**
Deductions/Adjustments	67.62	2.70	**70.32**
Finance cost accrued during the year	16.60	0.81	**17.41**
Payment of lease liabilities	48.64	8.71	**57.35**
As at March 31, 2021	**144.54**	**4.49**	**149.03**
Additions	43.49	11.19	**54.68**
Deductions/Adjustments	-	-	**-**
Finance cost accrued during the year	12.95	0.83	**13.78**
Payment of lease liabilities	37.20	6.47	**43.67**
As at March 31, 2022	**163.78**	**10.04**	**173.82**

Statement showing carrying value of right of use assets

(₹ in million)

Particulars	Premises	Vehicle	Total
As at March 31, 2020	**225.11**	**13.24**	**238.35**
Additions	8.89	0.98	**9.87**
Deductions/Adjustments	61.61	2.51	**64.12**
Depreciation	40.60	7.74	**48.34**
As at March 31, 2021	**131.79**	**3.97**	**135.76**
Additions	44.51	11.20	**55.71**
Deductions/Adjustments	0.12	-	**0.12**
Depreciation	31.21	5.62	**36.83**
As at March 31, 2022	**144.97**	**9.55**	**154.52**

Statement showing break up value of the Current and Non - Current Lease Liabilities

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	30.46	25.40
Non- Current lease liabilities	143.36	123.63

Statement showing contractual maturities of lease liabilities on an undiscounted basis

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Due for		
Up to One year	43.33	36.76
One year to Two years	41.08	33.01
Two to Five years	96.50	76.86
More than Five years	60.42	44.94
Total	**241.33**	**191.57**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Statement showing amount recognized in Statement of Profit and Loss

(₹ in million)

Particulars	2021-22	2020-21
Interest on lease liabilities	13.78	17.42
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	1.65	1.82
Total	**15.43**	**19.24**

Statement showing amount recognized in Statement of Cash Flows:

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Payment of interest on lease liabilities	13.78	17.42
Payment of lease liabilities	29.89	39.93
Total cash outflows for leases	**43.67**	**57.35**

NOTE 12B. OTHER INTANGIBLE ASSETS

(₹ in million)

Particulars	Computer Software
As at March 31, 2020	**9.83**
Additions	0.16
Deductions/Adjustments	-
As at March 31, 2021	**9.99**
Additions	2.18
Deductions/Adjustments	-
As at March 31, 2022	**12.17**
Accumulated Depreciation	
As at March 31, 2020	**6.89**
Depreciation For the year	1.84
Deductions/Adjustments	-
As at March 31, 2021	**8.73**
Depreciation For the year	1.62
Deductions/Adjustments	
As at March 31, 2022	**10.35**
Net Block as at March 31, 2021	**1.26**
Net Block as at March 31, 2022	**1.82**

The Company has not revalued its Property, Plant and Equipment (including Right of Use Assets) and Intangible Assets.

NOTE 13. OTHER NON FINANCIAL ASSETS

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Advances	0.65	1.82
Prepaid Expenses	40.50	23.11
Others	5.56	2.44
Retirement benefit assets (Refer note 32.2)	1.03	5.91
Total	**47.74**	**33.28**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 14. ASSETS HELD FOR SALE

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets held for sale	96.99	139.46

The Company follows various collection mechanisms for recovery of dues from the borrowers, which involves initiating SARFAESI, actual/physical repossession of assets after eviction in lieu of the loan outstanding and subsequent sale of repossessed assets via auction process in case of default by the borrowers. The Company's endeavor is to sell the re-possessed assets, in a public auction and realize the sale proceeds to recover the Loan amount outstanding at the earliest. The Customer has all opportunity to repay the Loan amount before finalization of sale of the property and take back the possession. Since borrowers may settle the loans and in such cases, the property is handed back to them(in case the property is not yet sold in auction), the Company's management is of the view that acquiring such properties does not change the nature of the assets and that such re-possessed assets continue to be classified as financial assets. Therefore, such re-possessed properties are not classified as Assets Held for Sale as per IND AS 105. Expert Advisory Committee of the Institute of Chartered Accountants of India has been approached by the Company for an opinion in the classification of such repossessed assets as "Non- Current Assets Held For Sale", which is awaited.

NOTE 15. TRADE PAYABLES

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises (Refer note 15A)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	508.11	351.58
Total	**508.11**	**351.58**

NOTE 15A. DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The Company had requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 and is in the continuous process of obtaining such confirmation from its suppliers. The disclosure relating to unpaid amount as at the year-end together with interest paid/payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under MSMED Act, 2006.

(₹ in million)

Particulars	2021-2022	2020-2021
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-	-

No interest has been paid/is payable by the Company during the year to the Suppliers registered under this Act.

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Trade Payables aging schedule

(₹ in million)

Particulars	Outstanding for following period from the date of transaction		Total
	Unbilled	Less than 1 Year	
As at March 31, 2022			
(i) MSME	-	-	**-**
(ii) Others	477.37	30.74	**508.11**
As at March 31, 2021			
(i) MSME	-	-	**-**
(ii) Others	335.48	16.10	**351.58**

Note: The Company does not have any disputed Trade Payables.

NOTE 16. DEBT SECURITIES

(₹ in million)

Particulars	At Amortized Cost	
	As at March 31, 2022	As at March 31, 2021
Secured:		
Non-convertible debentures - (Refer Note (a), (b) and 16.1)	21,440.44	21,027.50
Total (A)	**21,440.44**	**21,027.50**
Unsecured:		
Commercial Paper - (Refer Note 16.1)	739.42	-
Total (B)	**739.42**	**-**
Total (A+B)	**22,179.86**	**21,027.50**
Debt securities in India	22,179.86	21,027.50
Debt securities outside India	-	-

a The above Non Convertible Debentures are secured by way of charge on current assets, book debts, receivables (both present and future), identified immovable property and other assets of the Company.

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 ₹ 281.25 million (May 15, 2022), ₹ 150.00 million (from December 20, 2023) and ₹ 150.00 million (from March 20, 2024) {as at March 31, 2021 ₹ 843.75 million (May 15, 2021 and every six months thereafter), ₹ 150.00 million (from December 20, 2023) and ₹ 150.00 million (from March 20, 2024)}.

Note 16.1 - Terms of repayment

(₹ in million)

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Amount	Rate of Interest/ Yield	Amount	Rate of Interest/ Yield
Secured NCD (A)				
(a) Fixed:				
More than 5 years	13,605.15	5.00 % - 9.18%	5,985.99	8.69% - 9.18%
3- 5 Years	2,082.50	8.20 % - 10.33%	300.00	10.03% - 10.33%
1-3 Years	2,257.16	8.25%	-	-
Less than 1 year	373.15	5.00% - 9.87%	2,067.06	8.00% - 9.38%
Sub-Total (a)	**18,317.96**		**8,353.05**	

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Amount	Rate of Interest/ Yield	Amount	Rate of Interest/ Yield
(b) Floating:				
More than 5 years	-	-	-	-
3- 5 Years	-	-	-	-
1-3 Years	-	-	281.25	8.56%
Less than 1 year	290.73	7.51%	2,731.56	8.56% - 9.40%
Sub-Total (b)	**290.73**		**3,012.81**	
Total Secured NCD A=(a+b)	**18,608.69**		**11,365.86**	
Secured Zero Coupon (B)				
More than 5 years	37.13	8.75%	370.00	8.60% - 8.62%
3- 5 Years	42.48	8.50%	856.60	9.12% - 10.30%
1-3 Years	1,208.49	8.25% - 10.30%	1,367.56	9.35% - 9.55%
Less than 1 year	1,543.63	9.35% - 9.55 %	7,067.48	8.20% - 10.20%
Total Secured Zero Coupon (B)	**2,831.73**		**9,661.64**	
Unsecured (C)				
Commercial Paper				
Less than 1 year	739.42	6.30% - 6.35%	-	-
Total (A+B+C)	**22,179.85**		**21,027.50**	

Note 16.2 - Security wise details

(₹ in million)

Particulars	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B8 Option B. Date Of Maturity April 06, 2021	8.20%	-	270.60
Zero Coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option B. Date Of Maturity April 30, 2021	8.70%	-	532.56
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 1. Date Of Maturity May 19, 2021	9.25%	-	500.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option B. Date Of Maturity May 25, 2021	8.80%	-	260.00
IDFC MCLR Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series B11. Date Of Maturity June 28, 2021	9.85%	-	2,000.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 2. Date Of Maturity July 15, 2021	9.35%	-	240.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 1. Date Of Maturity July 26, 2021	9.35%	-	2,350.59
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 2. Date Of Maturity August 05, 2021	9.25%	-	250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C4. Date Of Maturity August 11, 2021	9.35%	-	967.80
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C9. Date Of Maturity October 26, 2021	10.20%	-	100.00

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
8.90% Secured Redeemable Non-Convertible Debentures. Series B2 Option I. Date Of Maturity November 03, 2021	8.90%	-	50.00
9.38% Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 3. Date Of Maturity January 24, 2022	9.38%	-	500.00
8% Secured Redeemable Non Convertible Debentures. Series series D1. Maturity Date: February 18, 2022	8.00%	-	1,250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity April 04, 2022	9.45%	240.00	240.00
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity April 21, 2022	9.35%	298.00	334.00
Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity May 13, 2022	8.56%	281.25	843.75
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity September 29, 2022	9.55%	580.00	580.00
G- Sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date Of Maturity April 25, 2024	9.12%	501.89	501.89
G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date Of Maturity June 27, 2024	10.30%	200.00	200.00
10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Maturity Date - December 19, 2025	10.33%	150.00	150.00
10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Maturity Date : March 20, 2026	10.05%	150.00	150.00
8.60% Secured Redeemable Non Convertible Debentures. Series. D3. Maturity Date: February 11, 2028	8.60%	180.00	180.00
8.62% Secured Redeemable Non Convertible Debentures. Series. D4. Maturity Date: March 12, 2028	8.62%	190.00	190.00
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - October 03, 2029	9.18%	3,000.00	3,000.00
8.69% Secured Redeemable Non Convertible Debentures. Series. D2. Maturity Date: November 12, 2030	8.69%	3,000.00	3,000.00
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D5.Date Of Maturity April 16, 2029	8.70%	360.00	-
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D6.Date Of Maturity May 14, 2030	8.70%	1,090.00	-
8.20% Secured Rated Listed Redeemable Non Convertible Debentures.Series D7.Date Of Maturity September 28, 2026	8.20%	1,120.00	-
8.25% Secured Rated Listed Redeemable Non Convertible Debenture. Series I Tranche II. Date Of Maturity January 03, 2025	8.25%	2,257.16	-
Secured Rated Listed Redeemable Non Convertible Debenture. Series II Tranche II. Date Of Maturity January 03, 2025	8.25%	267.33	-
8.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series III Tranche II. Date Of Maturity May 03, 2027	8.20%	526.52	-
8.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV Tranche II. Date Of Maturity January 03, 2027	8.50%	135.98	-
Secured Rated Listed Redeemable Non Convertible Debenture. Series V Tranche II. Date Of Maturity January 03, 2027	8.50%	42.49	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
8.43% Secured Rated Listed Redeemable Non Convertible Debenture. Series VI Tranche II. Date Of Maturity January 03, 2029	8.43%	537.36	-
8.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series VII Tranche II. Date Of Maturity January 03, 2029	8.75%	221.77	-
Secured Rated Listed Redeemable Non Convertible Debenture. Series VIII Tranche II. Date Of Maturity January 03, 2029	8.75%	55.27	-
8.585% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad I.Date Of Maturity February 25, 2030	8.59%	4,333.00	-
5% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad II. Date Of Maturity February 28, 2031	5.00%	747.00	-
Total		**20,465.02**	**18,641.19**

Note: Statement showing contractual principal outstanding of Secured Non Convertible Debentures.

NOTE 17. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in million)

Particulars	At Amortized Cost	
	As at March 31, 2022	As at March 31, 2021
Secured:		
(a) Term loans		
(i) from Banks (Refer Note (a), (b) and 17.1)	69,249.42	61,986.61
(ii) from NHB (Refer Note (a), (b) and 17.2)	27,637.08	27,455.97
(iii) from Financial Institution (Refer Note (b) and 17.3)	8,269.92	8,872.60
(b) Securitization Liability (Refer Note 17.4)	4,172.92	5,453.04
(c) Cash credit/Overdraft from Banks (Refer Note (a), (b) and 17.4)	120.00	940.00
Total	**109,449.34**	**104,708.22**
Borrowings in India	105,558.27	101,032.99
Borrowings outside India	3,891.07	3,675.23
Total	**109,449.34**	**104,708.22**

a. Out of the total borrowing from Banks, borrowings amounting to ₹ 533.33 million (March 31, 2021 ₹ 1,937.91 million) and Refinance Facility from NHB amounting to ₹ 7,921.63 million (March 31, 2021 ₹ 10,317.52 million) are also guaranteed by Holding Company i.e. IIFL Finance Limited

b. The term loans from banks, Financial Institution and NHB and cash credits from banks are secured by way of first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.

Note 17.1 - Terms of repayment of Term Loans from Banks

(₹ in million)

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Amount	Rate of Interest/ Yield	Amount	Rate of Interest/ Yield
Floating:				
More than 5 years	9,579.81	7.70 % - 9.50 %	5,702.69	7.80% - 9.50%
3- 5 Years	12,805.74	7.70 % - 9.50 %	7,116.04	7.60% - 10.00%
1-3 Years	26,972.42	7.40 % - 10.00%	29,645.77	7.50% - 10.00%
Less than 1 year	19,891.44	7.35% - 10.00%	19,522.11	7.20% - 10.00%
Total	**69,249.42**		**61,986.61**	

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 17.2 - Terms of repayment of term loans from NHB

(₹ in million)

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Amount	Rate of Interest/ Yield	Amount	Rate of Interest/ Yield
Fixed:				
More than 5 years	6,526.38	2.94 % - 6.85 %	6,550.83	3.00% - 8.95%
3- 5 Years	5,941.46	2.94 % - 8.18 %	6,149.08	3.00% - 8.95%
1-3 Years	10,399.38	2.94 % - 8.18 %	7,366.22	3.00% - 8.95%
Less than 1 year	4,769.86	2.94 % - 8.80 %	7,389.84	3.00% - 8.95%
Total	**27,637.08**		**27,455.97**	

Note 17.3 - Terms of repayment of term loans from Financial Institution

(₹ in million)

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Amount	Rate of Interest/ Yield	Amount	Rate of Interest/ Yield
Floating:				
More than 5 years	4,385.20	8.50 % - 9.00 %	4,798.08	8.50% - 9.25%
3- 5 Years	1,782.70	8.50 % - 9.00 %	1,727.40	8.50% - 9.25%
1-3 Years	1,496.53	8.50 % - 9.00 %	1,604.98	8.50% - 9.25%
Less than 1 year	605.49	8.50 % - 9.00 %	742.14	8.50% - 9.25%
Total	**8,269.92**		**8,872.60**	

Note 17. 4 - Terms of repayment of other loans

(₹ in million)

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Amount	Rate of Interest/ Yield	Amount	Rate of Interest/ Yield
Floating:				
Cash credit/Overdraft from Banks (A)				
Less than 1 year	120.00	7.20%	940.00	8.50% -10.00%
Securitization Liability (B)				
More than 5 years	3,189.45	6.35% - 7.80%	3,852.22	6.45% - 8.20%
3- 5 Years	391.62	6.35% - 7.80%	641.88	6.45% - 8.20%
1-3 Years	442.64	6.35% - 7.80%	605.81	6.45% - 8.20%
Less than 1 year	149.21	6.35% - 7.80%	353.13	6.45% - 8.20%
Sub-Total - Securitization Liability	**4,172.92**		**5,453.04**	
Total (A+B)	**4,292.92**		**6,393.04**	

NOTE 18. SUBORDINATED LIABILITIES

(₹ in million)

Particulars	At Amortized Cost	
	As at March 31, 2022	As at March 31, 2021
Non-convertible debentures - Unsecured	10,576.86	4,366.73
Total	**10,576.86**	**4,366.73**
Subordinated Liabilities in India	10,576.86	4,366.73
Subordinated Liabilities outside India	-	-
Total	**10,576.86**	**4,366.73**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 million (from February 28, 2024), ₹ 1,265.16 million (from May 14, 2024), ₹ 400.00 million (from June 18, 2025) and ₹ 300.00 million (from July 14, 2025) {as at March 31, 2021 Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 million (from February 28, 2024), ₹ 1,265.16 million (from May 14, 2024), ₹ 400.00 million (from June 18, 2025) and ₹ 300.00 million (from July 14, 2025)}..

Note 18.1 - Terms of repayment of Subordinated Debt

(₹ in million)

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Amount	Rate of Interest/ Yield	Amount	Rate of Interest/ Yield
(a) Fixed:				
More than 5 years	8,067.49	8.85% - 10.02%	1,515.46	8.85% - 9.85%
3- 5 Years	-	-	-	-
1-3 Years	650.00	8.93% - 9.30%	650.00	8.93% - 9.30%
Less than 1 year	129.06	8.51% - 9.60%	598.89	8.85% - 10.50%
Total Fixed	**8,846.55**		**2,764.35**	
(b) Zero Coupon:				
More than 5 years	1,730.31	9.40%	1,602.38	9.40%
Total (a+b)	**10,576.86**		**4,366.73**	

These debentures are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under RBI Directions for Housing Finance Companies for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2022, 95% (P.Y. 78%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

Note 18.2 - Security wise details

(₹ in million)

Particulars	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U01. Date Of Maturity July 26, 2021	10.50%	-	170.00
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U02. Date Of Maturity August 10, 2021	10.50%	-	100.00
9.30% Unsecured Subordinate Non Convertible Debentures. Series U03. Date Of Maturity January 25, 2022	9.30%	-	100.00
9.30% Unsecured Subordinate Non Convertible Debentures. Series U04. Date Of Maturity February 11, 2022	9.30%	-	100.00
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date Of Maturity April 14, 2023	8.93%	500.00	500.00
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U05. Date Of Maturity May 29, 2023	9.30%	150.00	150.00
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date Of Maturity July 27, 2027	8.85%	750.00	750.00
9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date Of Maturity February 28, 2028	9.05%	100.00	100.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date Of Maturity June 16, 2028	9.85%	400.00	400.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date Of Maturity July 13, 2028	9.85%	300.00	300.00
Zero Coupon G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series UA3. Date Of Maturity August 11, 2028	9.40%	1,265.16	1,265.16

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
10% Unsecured Rated Listed Redeemable Non Convertible Debentures.Series I.Date Of Maturity : November 03, 2028	10.00%	2,327.22	-
9.6% Unsecured Rated Listed Redeemable Non Convertible Debentures.Series II.Date Of Maturity : November 03, 2028	9.60%	3,828.24	-
Unsecured Rated Listed Redeemable Non Convertible Debentures. Series III.Date Of Maturity : November 03, 2028	10.02%	402.78	-
Total		**10,023.40**	**3,935.16**

Note: Statement showing contractual principal outstanding of Subordinated Non Convertible Debentures.

NOTE 19. OTHER FINANCIAL LIABILITIES

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Book overdraft*	7,468.06	4,505.77
Unclaimed interest and redemption proceeds of NCDs**	12.40	14.27
Other Payables#	1,964.00	1,333.85
Total	**9,444.46**	**5,853.89**

* Book overdraft represents cheque issued towards disbursement to borrowers but not presented to banks as on March 31, 2022.

** As required under Section 125 of the Companies Act, 2013, the Company, during the year, has transferred ₹ 1.83 million (P.Y. ₹ 0.25 million) to the Investor Education and Protection Fund (IEPF). As of March 31, 2022, ₹ 0.12 million (P.Y. ₹ 0.05 million) was due for transfer to the IEPF.

1. Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 0.37 million (P.Y. ₹ 0.16 million).

2. In accordance with RBI notification dated April 7, 2021, the Company is required to refund/adjust 'interest on interest' to eligible borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Company is in the process of suitably implementing this methodology. As at March 31, 2022 the Company has created a liability towards estimated interest relief and reduced the same from the interest income.

NOTE 20. PROVISIONS

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Provisions for Employee Benefits		
- Provision for Leave Encashment	54.70	47.76
- Provision for Bonus	85.80	78.02
Total	**140.50**	**125.78**

Note 20.1. Provision for Leave Encashment

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening provision	47.76	36.80
Additions	17.79	28.18
Reductions	(10.85)	(17.22)
Closing provision	**54.70**	**47.76**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 20.2. Provision for Bonus

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening provision	78.02	111.70
Additions	85.80	78.02
Reductions	(78.02)	(111.70)
Closing provision	**85.80**	**78.02**

NOTE 21. OTHER NON FINANCIAL LIABILITIES

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory remittances	106.86	85.71
Unspent CSR (Refer note no 38A)	30.30	-
Advances from borrowers	370.88	1,044.49
Income received in advance	0.05	3.41
Total	**508.09**	**1,133.61**

NOTE 22. EQUITY

(a) The Authorized, Issued, Subscribed and fully paid up share capital

Share Capital:

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorized Share Capital		
152,000,000 Equity Shares of ₹ 10 each with voting rights (as at March 31, 2021 - 152,000,000)	1,520.00	1,520.00
20,000,000 Preference Shares of ₹ 10 each (as at March 31, 2021 20,000,000)	200.00	200.00
Total	**1,720.00**	**1,720.00**
Issued, Subscribed and Paid Up		
Equity Share Capital		
20,968,181 Equity Shares of ₹ 10 each fully paid-up (as at March 31, 2021 20,968,181)	209.68	209.68
Total	**209.68**	**209.68**

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

(₹ in million)

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	20,968,181	209.68	20,968,181	209.68
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**20,968,181**	**209.68**	**20,968,181**	**209.68**

(c) Terms/rights attached to equity shares:

The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(d) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Equity shares of 10 each fully paid				
IIFL Finance Limited and its nominees	20,968,181	100%	20,968,181	100%

(e) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any equity shares without payment being received in cash or by way of bonus shares or shares bought back.

(f) Details of shares held by Promoters

Particulars	Promoter Name	No of Shares*	% of Total Shares	% Change during the year
As at March 31, 2022	IIFL Finance Limited	20,968,181	100.00%	-
As at March 31, 2021	IIFL Finance Limited	20,968,181	100.00%	-

* Shares held by IIFL Finance Limited and its nominees. The shareholding of Nominee is 600 shares.

23. OTHER EQUITY

1. As at March 31, 2022

(₹ in million)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total
	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Retained Earnings	Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI	
Balance at the beginning of the current reporting year	**7,991.57**	**1,438.60**	**2,873.70**	**9,121.51**	**(5.89)**	**(166.36)**	**(5.72)**	**21,247.41**
Profit for the year	-	-	-	5,779.95	-	-	-	**5,779.95**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 1)	-	-	-	-	-	96.05	-	**96.05**
Remeasurement of defined benefit (Net of Tax) (Refer Note 2)	-	-	-	-	0.83	-	-	**0.83**
Equity Dividend (Refer Note 3)	-	-	-	(629.05)	-	-	-	**(629.05)**
Transfer to Special Reserve (Refer Note 4)	-	-	1,156.00	(1,156.00)	-	-	-	**-**
Fair value of loans carried at FVTOCI	-	-	-	-	-	-	102.17	**102.17**
Balance at the end of the Current reporting year	**7,991.57**	**1,438.60**	**4,029.70**	**13,116.41**	**(5.06)**	**(70.31)**	**96.45**	**26,597.36**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

2. As at March 31, 2021

(₹ in million)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total
	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Retained Earnings	Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI	
Balance at the beginning of the Previous reporting year	**7,991.57**	**1,438.60**	**2,068.70**	**6,439.76**	**(17.54)**	**(130.62)**	**-**	**17,790.46**
Profit for the year	-	-	-	4,010.95	-	-	-	**4,010.95**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 1)	-	-	-	-	-	(35.74)	-	**(35.74)**
Remeasurement of defined benefit (Net of Tax) (Refer Note 2)	-	-	-	-	11.66	-	-	**11.66**
Equity Dividend (Refer Note 3)	-	-	-	(524.20)	-	-	-	**(524.20)**
Transfer to Special Reserve (Refer Note 4)	-	-	805.00	(805.00)	-	-	-	**-**
Fair value of loans carried at FVTOCI	-	-	-	-	-	-	(5.72)	**(5.72)**
Balance at the end of the Previous reporting year	**7,991.57**	**1,438.60**	**2,873.70**	**9,121.51**	**(5.89)**	**(166.36)**	**(5.72)**	**21,247.41**

1. The amount refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
2. The amount 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.
3. During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 30 per equity share (P.Y. ₹ 25).
4. As per Section 29C(1) of National Housing Bank Act 1987, the Company is required to transfer at least 20% of its Net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act,1961 is considered to be an eligible transfer.

NOTE 24. INTEREST INCOME

(₹ in million)

Particulars	2021-22		
	On Financial Assets measured at		
	FVTOCI	Amortized Cost	Total
Interest on Loans	2,098.64	16,457.83	18,556.47
Interest income from investments	-	9.01	9.01
Interest on inter corporate deposits	-	0.13	0.13
Interest on deposits with Banks	-	191.84	191.84
Total	**2,098.64**	**16,658.81**	**18,757.45**

(₹ in million)

Particulars	2020-21		
	On Financial Assets measured at		
	FVTOCI	Amortized Cost	Total
Interest on Loans	1,972.81	15,159.48	17,132.29
Interest income from investments	-	12.34	12.34
Interest on inter corporate deposits	-	427.93	427.93
Interest on deposits with Banks	-	214.07	214.07
Total	**1,972.81**	**15,813.82**	**17,786.63**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 25. DIVIDEND INCOME

(₹ in million)

Particulars	2021-22	2020-21
Dividend income	-	40.71
Total	**-**	**40.71**

NOTE 26. FEES AND COMMISSION INCOME

(₹ in million)

Particulars	2021-22	2020-21
Fees and Other Charges	616.93	513.56
Insurance Commission	152.63	133.82
Total	**769.56**	**647.38**

NOTE 27. NET GAIN ON FAIR VALUE CHANGES

(₹ in million)

Particulars	2021-22	2020-21
Net gain on financial instruments at FVTPL		
On trading portfolio		
- Investments	63.16	185.01
Total Net gain on fair value changes	**63.16**	**185.01**
Fair Value changes:		
- Realized	63.16	185.01
Total Net gain on fair value changes	**63.16**	**185.01**

NOTE 28.1 NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

(₹ in million)

Particulars	2021-22	2020-21
Foreclosure of loans	70.96	95.25
Bad debts recovery	38.28	43.92
Total	**109.24**	**139.17**

NOTE 28.2 NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER FVTOCI

(₹ in million)

Particulars	2021-22	2020-21
Assignment of loans	1,045.58	770.76
Foreclosure of loans	113.18	-
Total	**1,158.76**	**770.76**

NOTE 29. OTHER INCOME

(₹ in million)

Particulars	2021-22	2020-21
Profit on sale of Assets	15.39	-
Marketing, advertisement and support service fees	1,331.51	1,107.84
Interest on Income Tax Refund	6.75	-
Total	**1,353.65**	**1,107.84**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 30. FINANCE COSTS

(₹ in million)

Particulars	On Financial liabilities measured at Amortized Cost	
	2021-22	2020-21
Interest on inter-corporate deposits	202.32	0.00
Interest on borrowings (other than debt securities)	7,957.67	8,094.33
Interest on debt securities	1,464.36	1,882.47
Interest on subordinated liabilities	801.61	416.33
Other interest expense		
Interest on lease liabilities	13.78	17.42
Other borrowing cost	185.06	122.18
Total	**10,624.80**	**10,532.73**

Statement showing exchange fluctuation on account of foreign currency borrowings measured through Other Comprehensive Income:

(₹ in million)

Particulars	2021-22	2020-21
Revaluation Gain/(Loss) on Foreign currency loan	(113.16)	94.06
Recognized in Other Comprehensive Income	113.16	(94.06)

NOTE 31. IMPAIRMENT ON FINANCIAL INSTRUMENTS, INCLUDING WRITE-OFFS

(₹ in million)

Particulars	2021-22		
	On Financial Assets measured at		
	FVTOCI	Amortized Cost	Total
Loans	16.67	1,034.93	1,051.60
Bad debts written off	-	548.39	548.39
Total	**16.67**	**1,583.32**	**1,599.99**

(₹ in million)

Particulars	2020-21		
	On Financial Assets measured at		
	FVTOCI	Amortized Cost	Total
Loans	119.08	2,185.32	2,304.40
Bad debts written off	-	412.47	412.47
Total	**119.08**	**2,597.79**	**2,716.87**

NOTE 32. EMPLOYEE BENEFITS EXPENSES

(₹ in million)

Particulars	2021-22	2020-21
Salaries and wages	1,582.54	1,441.57
Contribution to provident and other funds (Refer Note 32.1)	62.53	54.82
Leave Encashment	16.84	22.81
Gratuity (Refer Note 32.2)	15.93	18.74
Staff welfare expenses#	39.16	46.49
Total	**1,717.00**	**1,584.43**

#The Group company i.e. IIFL Finance Limited and IIFL Securities Limited have granted stock options to its employees as well as employees of the Company. Pursuant to the scheme, the Company has reimbursed the group companies ₹ 11.30 million (P.Y. ₹ 22.67 million paid to Group companies i.e. IIFL Finance Limited, IIFL Securities Limited and IIFL Wealth Management Limited) during the year on account of such costs and the same is forming part of Employee benefit expenses.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

32.1 Defined Contribution Plans:

The Company has recognized the following amounts as an expense and included in the Employee Benefits Expenses.

(₹ in million)

Particulars	2021-22	2020-21
Contribution to Provident fund	32.56	27.82
Contribution to ESIC	4.13	3.87
Contribution to Labor Welfare Fund	0.28	0.23
Company contribution to EPS	23.18	21.68
Company contribution to NPS	2.38	1.22
Total	**62.53**	**54.82**

32.2 Disclosures pursuant to Ind AS 19 on "Employee Benefits"

(₹ in million)

Particulars	2021-22	2020-21
Type of Benefit	Gratuity	Gratuity
Country	India	India
Reporting Currency	INR	INR
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding Status	Funded	Funded
Starting Year	April 01, 2021	April 01, 2020
Date of Reporting	March 31, 2022	March 31, 2021
Period of Reporting	12 Months	12 Months

Assumptions (Current Year)

(₹ in million)

Particulars	2021-22	2020-21
Expected Return on Plan Assets	6.98%	6.85%
Rate of Discounting	6.98%	6.85%
Rate of Salary Increase	9.00%	9.00%
Rate of Employee Turnover	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 28.00% p.a. For service 5 years and above 1.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate

Table Showing Change in the Present Value of Projected Benefit Obligations

(₹ in million)

Particulars	2021-22	2020-21
Present Value of Benefit Obligation at the Beginning of the Year	82.05	73.96
Interest Cost	5.62	5.06
Current Service Cost	16.34	17.95
Past Service Cost	-	-
Liability Transferred In/Acquisitions	0.48	6.22
Liability Transferred Out/Divestment	(0.83)	(3.97)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	2021-22	2020-21
Benefit Paid Directly by the Employer	(0.02)	(0.08)
Benefit Paid From the Fund	(6.17)	(6.62)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	0.02	(0.61)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(2.15)	(0.14)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(1.42)	(9.72)
Present Value of Benefit Obligation at the End of the Year	**93.92**	**82.05**

Table Showing Change in the Fair Value of Plan Assets

(₹ in million)

Particulars	2021-22	2020-21
Fair Value of Plan Assets at the Beginning of the Year	87.96	62.36
Interest Income	6.02	4.27
Contributions by the Employer	9.57	22.84
Benefit Paid from the Fund	(6.17)	(6.62)
Return on Plan Assets, Excluding Interest Income	(2.43)	5.11
Fair Value of Plan Assets at the End of the Year	**94.95**	**87.96**

Amount Recognized in the Balance Sheet

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Present Value of Benefit Obligation at the end of the Year	93.92	82.05
Fair Value of Plan Assets at the end of the Year	94.95	87.95
Funded Status Surplus/(Deficit)	1.03	5.91
Net (Liability)/Asset Recognized in the Balance Sheet	**1.03**	**5.91**

Net Interest Cost

(₹ in million)

Particulars	2021-22	2020-21
Present Value of Benefit Obligation at the Beginning of the Year	82.05	73.96
Fair Value of Plan Assets at the Beginning of the Year	(87.96)	(62.36)
Net Liability/(Asset) at the Beginning of the Year	**(5.91)**	**11.60**
Interest Cost	5.62	5.06
Interest Income	(6.02)	(4.27)
Net Interest Cost	**(0.40)**	**0.79**

Expenses Recognized in the Statement of Profit and Loss

(₹ in million)

Particulars	2021-22	2020-21
Current Service Cost	16.33	17.95
Net Interest Cost	(0.40)	0.79
Past Service Cost	-	-
Expenses Recognized	**15.93**	**18.74**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Expenses Recognized in the Other Comprehensive Income (OCI)

(₹ in million)

Particulars	2021-22	2020-21
Actuarial (Gains)/Losses on Obligation For the Year	(3.54)	(10.47)
Return on Plan Assets, Excluding Interest Income	2.43	(5.11)
Net (Income)/Expense For the Year Recognized in OCI	**(1.11)**	**(15.58)**

Balance Sheet Reconciliation

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Net Liability	(5.91)	11.60
Expenses Recognized in Statement of Profit and Loss	15.93	18.74
Expenses Recognized in OCI	(1.11)	(15.58)
Net Liability/(Asset) Transfer In	0.48	6.22
Net (Liability)/Asset Transfer Out	(0.83)	(3.97)
Benefit Paid directly by the Employer	(0.02)	(0.08)
Employer's Contribution	(9.57)	(22.84)
Net Liability/(Asset) Recognized in the Balance Sheet	**(1.04)**	**(5.91)**

Category of Assets

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Insurance fund	94.95	87.95
Total	**94.95**	**87.95**

Information of major categories of plan assets of gratuity fund are not available with the Company and hence not disclosed as per the requirements of Ind AS 19 "Employee Benefits".

Other Details

(₹ in million)

Particulars	2021-22	2020-21
Prescribed Contribution For Next Year (12 Months)	17.61	10.43

Net Interest Cost for Next Year

(₹ in million)

Particulars	2021-22	2020-21
Present Value of Benefit Obligation at the End of the Year	93.92	82.05
Fair Value of Plan Assets at the End of the Year	(94.95)	(87.95)
Net Liability/(Asset) at the End of the Year	**(1.03)**	**(5.90)**
Interest Cost	6.56	5.62
Interest Income	(6.63)	(6.02)
Net Interest Cost for Next Year	**(0.07)**	**(0.40)**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Expenses Recognized in the Statement of Profit or Loss for Next Year

(₹ in million)

Particulars	2021-22	2020-21
Current Service Cost	18.64	16.33
Net Interest Cost	(0.07)	(0.40)
Expected Contributions by the Employees	-	-
Expenses Recognized	**18.57**	**15.93**

Maturity Analysis of the Benefit Payments: From the Fund

(₹ in million)

Particulars	2021-22	2020-21
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	0.79	2.79
2nd Following Year	0.95	0.72
3rd Following Year	1.07	0.85
4th Following Year	1.18	0.95
5th Following Year	1.46	1.05
Sum of Years 6 To 10	10.36	8.95
Sum of Years 11 and above	354.59	307.19

Sensitivity Analysis

(₹ in million)

Particulars	2021-22	2020-21
Projected Benefit Obligation on Current Assumptions	93.92	82.05
Delta Effect of +1% Change in Rate of Discounting	(14.69)	(12.92)
Delta Effect of -1% Change in Rate of Discounting	18.14	16.05
Delta Effect of +1% Change in Rate of Salary Increase	12.87	12.10
Delta Effect of -1% Change in Rate of Salary Increase	(11.54)	(10.84)
Delta Effect of +1% Change in Rate of Employee Turnover	(2.06)	(2.44)
Delta Effect of -1% Change in Rate of Employee Turnover	2.34	2.81

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.

NOTE 33. OTHER EXPENSES

(₹ in million)

Particulars	2021-22	2020-21
Advertisement	43.48	20.04
Loan processing expenses	39.93	70.63
Marketing expenses	47.64	19.55
Bank charges	13.21	9.17
Communication	13.87	14.28
Electricity	15.74	14.01

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	2021-22	2020-21
Rating and custodian fees	11.33	1.18
Legal and professional fees	161.82	142.20
Commission and sitting fees	5.31	5.68
Miscellaneous expenses	6.29	3.12
Office expenses	74.33	60.05
Postage and courier	13.98	6.48
Printing and stationary	15.89	8.64
Rates and taxes	0.25	1.02
Rent (Refer note 12A)	42.50	28.01
Repairs and maintenance	7.18	7.30
Payments to auditors*	6.12	4.85
Software charges	60.78	27.63
Security expenses	16.48	22.20
Travelling and conveyance	43.96	26.22
Corporate Social Responsibility (CSR) Expenses (Refer note 38A)	105.68	79.06
Loss on sale of assets	0.31	14.29
Total	**746.08**	**585.61**

***Payments to auditors**

(₹ in million)

Particulars	2021-22	2020-21
Audit Fees	2.94	1.72
Limited Reviews	1.09	0.55
Other matters and certification	1.77	1.96
Out of Pocket Expenses	0.32	0.62
Total as per Statement of Profit and Loss	**6.12**	**4.85**
Amount paid towards certification required under for its Public Issue of Non Convertible Debentures which has been amortized using Effective Interest Rate Method over the tenure of the debenture	7.55	-
Total	**13.67**	**4.85**

NOTE 34. INCOME TAXES

Amounts recognized in the Statement of Profit and Loss

(₹ in million)

Particulars	2021-22	2020-21
Current tax expense		
Current year	1,701.00	1,419.33
Tax of earlier years	13.30	0.97
Deferred tax expense		
Origination and reversal of temporary differences	(34.62)	(331.41)
Total	**1,679.68**	**1,088.89**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Reconciliation of total tax expense

(₹ in million)

Particulars	2021-22	2020-21
Profit before tax	**7,459.63**	**5,099.84**
Tax using the domestic tax rate	1,877.44	1,283.53
Tax effect of:		
Non-deductible expenses	27.98	21.37
Tax-exempt income (includes deduction u/s 80JJAA)	(241.63)	(204.85)
Tax on Dividend	-	(10.25)
Income taxed at different rates	-	(4.23)
Recognition of previously unrecognized deductible temporary differences	-	2.34
Adjustments for current tax for prior periods	13.30	0.98
De-Recognition of previously recognized deductible temporary differences	2.59	-
Total income tax expense	**1,679.68**	**1,088.89**

NOTE 35. EARNINGS PER SHARE:

Basic and Diluted Earnings per share ["EPS"] computed in accordance with Ind AS 33 "Earnings per share"

(₹ in million)

Particulars		2021-22	2020-21
Nominal value of equity shares in ₹ fully paid up		10	10
BASIC			
Profit after tax as per Statement of Profit and Loss	A	5,779.95	4,010.95
Weighted Average Number of Equity Shares Outstanding	B	20,968,181	20,968,181
Basic EPS (In ₹)	**A/B**	**275.65**	**191.29**
DILUTED			
Weighted Average Number of Equity shares for computation of diluted EPS	C	20,968,181	20,968,181
Diluted EPS (In ₹)	**A/C**	**275.65**	**191.29**

NOTE 36. CAPITAL/OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT THE BALANCE SHEET DATE

a. Commitments: As at the balance sheet date there were undrawn credit commitments of ₹ 16,895.64 million (P.Y. ₹ 14,757.15 million) representing the loan amounts sanctioned but not disbursed.

b. Contingent Liabilities:

   i. Claim against the Company not acknowledged as debt ₹ 1.58 million (P.Y. ₹ 1.15 million).

   ii. Credit enhancement and Guarantee given for securitization and assignment transactions amounting to ₹ 1,956.72 million and ₹ 233.40 million respectively (P.Y. ₹ 1,900.56 million and ₹ 233.40 million).

NOTE 37. DISCLOSURE AS PER IND AS -108 "OPERATING SEGMENTS"

The Company's main business is financing by way of loans for the purchase or construction of residential houses, Loans against property and construction of real estate and certain other purposes, in India. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 38A. CORPORATE SOCIAL RESPONSIBILITY

The Company was required to spend ₹ 105.00 million (P.Y. ₹ 78.05 million) towards Corporate Social Responsibility (CSR) activities for the current financial year.

(₹ in million)

Particulars	2021-2022		
	Amount Spent	Amount Unspent/ Provision	Total
(a) Amount of expenditure incurred	75.38	30.30	105.68
(b) Shortfall at the end of the year*	-	30.30	30.30
(c) Total of previous years shortfall	-	-	-
(d) Nature of CSR activities:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	75.38	30.30	105.68

*The Company during the year had contributed towards the ongoing projects to IIFL Foundation and which remained unspent as on March 31, 2022 resulting in shortfall. The unspent amount has been transferred to a separate Bank account on April 08, 2022 and will be spent during the 2022-23

(₹ in million)

Particulars	2020-2021		
	Amount Spent	Amount Unspent/ Provision	Total
(a) Amount of expenditure incurred	79.06	-	79.06
(b) Shortfall at the end of the year	-	-	-
(c) Total of previous years shortfall	-	-	-
(d) Nature of CSR activities:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	79.06	-	79.06

(i) The aforementioned amount spent during the year has been contributed to India Infoline Foundation and others.

(ii) Nature of CSR activities: Promoting Education and Healthcare and eradicating poverty

NOTE 38B. ADDITIONAL REGULATORY INFORMATION UNDER MCA NOTIFICATION DATED MARCH 24, 2021

a. **Details of Benami Property held:** There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

b. **Additional information where borrowings are from banks or financial institutions:**

   (i) The revised quarterly returns and statements of current assets filed by the Company with banks or financial institutions for the quarter ended June 21, Sept 21 and Dec 21 are in agreement with the books of accounts. Further for quarter ended Mar 22 the Company has filed the provisional return and statement which will be revised subsequently based on audited numbers;

   (ii) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the balance sheet date

c. **Willful Defaulter:** The Company has not been declared as Willful Defaulter by any Bank or Financial Institution or other Lender.

d. **Relationship with Struck off Companies :** During the year, the Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

e. **Registration of charges or satisfaction with Registrar of Companies (ROC):** In case of borrowings, there are no charges or satisfaction pending for registration with ROC beyond the statutory period.

f. **Compliance with number of layers of companies:** The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

g. Ratios:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Capital to risk-weighted assets ratio (CRAR) (%)	30.48	22.98
Tier I CRAR (%)	21.10	19.61
Tier II CRAR (%)	9.38	3.37
Liquidity Coverage Ratio (%)	1079	NA

Note: LCR computation is based on Management estimation of future inflows and outflows and not subjected to audit by auditors.

h. Compliance with approved Scheme(s) of Arrangements: NA

i. Utilization of Borrowed funds and share premium:

During the financial year ended March 31, 2022, other than the transactions undertaken in the normal course of business and in accordance with extant regulatory guidelines as applicable.

(i) No funds (which are material either individually or in the aggregate) 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;

(ii) No funds (which are material either individually or in the aggregate) 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;

j. Undisclosed Income: The Company does not have any transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Also, there are nil previously unrecorded income and related assets.

k. Details of Crypto Currency or Virtual Currency: The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

l. Capital work in progress (CWIP) and Intangible asset: The Company does not have any CWIP and Intangible asset under development.

NOTE 39 FINANCIAL INSTRUMENTS

Note 39 A. Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk and market risk comprising of interest rate risk, currency risk and price 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.

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.

Financial Risk Management Structure

The Company has established multi-level risk governance for monitoring and control of product and entity level risks. The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Risk Management Committee (""RMC"") which is responsible for monitoring the overall risk process within the Company. The RMC is empowered to develop an independent risk strategy comprising of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer (""CRO"") who reports to the Chief Executive Officer (""CEO"") with oversight of RMC of the Board. The Risk department primarily operationalizes risk management framework approved by RMC.

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.

The Company has a risk framework constituting various lines of defense – the first line of defense consisting of the Management of the Company being responsible for seamless integration of risk principles across all businesses. Additionally, it ensures managerial and supervisory controls to ensure compliance and highlight inadequate processes and unexpected events.

Independent risk and policy team constitutes second life of defense 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 defense that independently reviews activities of the first two lines of defense and reports to the Audit Committee of the Board.

The Company has 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.

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, analyzed and tested on timely basis. The same is presented to Risk Management Committee at periodic intervals.

39 A.1 Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables.

Credit 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, a 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.

39 A.1(I) Credit Risk Grading of loans and loss allowances

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. An independent risk and policy team reviews adherence to policies and processes and carries out audit on periodic basis.

The Company has initiated portfolio quality review mechanism which enables analysis of portfolio along various behavioral, 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 applies general approach to provide for credit losses prescribed by Ind AS 109, which provides to recognize 12-months expected credit losses where credit risk has not increased significantly since initial recognition and to recognize lifetime expected credit losses for financial instruments for which there has been significant increase in credit risk since initial recognition, considering all reasonable present and forward looking information, including that of forward looking.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Owing to the prevailing situation, additional Management overlay on account of COVID-19 has been considered in the ECL calculations for arriving at the impairment provisions required under IND AS 109.

The Company categorizes loan assets into stages based on the Days Past Due status: -

Stage 1: [0-31 days Past Due] It represents exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination.

Stage 2: [32-90 days Past Due] The Company collectively assesses ECL on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Company recognizes as a collective provision, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

Stage 3: [More than 90 days Past Due] The Company identifies, both collectively and individually, ECL on those exposures that are assessed as credit impaired based on whether one or more events, that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Additionally, the Company evaluates risk based on staging which are as follows:

(₹ in million)

Risk Categorization	As at March 31, 2022	As at March 31, 2021
Stage 1	145,111.56	137,579.44
Stage 2	9,631.04	9,366.35
Stage 3	3,887.02	3,298.10
Total	**158,629.62**	**150,243.89**

Financial Assets measured at Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on Cash and Cash Equivalents, Bank Balances, Unsecured Inter Corporate Deposits to group companies 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.

The Management of the Company expects no defaults in the above mentioned financial assets and insignificant history of defaults has been observed by the Management in the previous years on such Financial Assets. Hence, no ECL has been recognized on the above mentioned Financial assets as at the reporting date.

39 A.1(II) Credit quality analysis

(a). The following tables sets out information about the credit quality of financial assets. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

(₹ in million)

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 at Simplified Approach	Total
Cash and cash equivalents	-	-	-	13,987.31	**13,987.31**
Bank Balance other than above	-	-	-	4,332.94	**4,332.94**
Receivables					
(i) Trade Receivables	341.02	3.85	-	-	**344.87**
Loans at FVTOCI	29,127.22	-	-	-	**29,127.22**
Loans at amortized cost	115,984.34	9,631.04	3,887.02	-	**129,502.40**
Other Financial assets	-	-	-	3,579.01	**3,579.01**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2021				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured at Simplified Approach	Total
Cash and cash equivalents	-	-	-	4,123.27	**4,123.27**
Bank Balance other than above	-	-	-	4,437.40	**4,437.40**
Receivables					
(i) Trade Receivables	306.35	-	-	-	**306.35**
Loans at FVTOCI	23,280.12	243.32	-	-	**23,523.44**
Loans at amortized cost	114,299.32	9,123.03	3,298.10	-	**126,720.45**
Other Financial assets	-	-	-	2,348.18	**2,348.18**

(b). The following tables show reconciliations from the opening to the closing balance of the Exposure At Default (EAD) and Expected Credit Loss (ECL) by class of financial instrument.

Loans and advances

(₹ in million)

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 Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others*
Opening EAD March 31, 2021	**136,619.88**	**14,907.77**	**9,005.07**	**718.16**	**2,694.90**	**603.20**	**148,319.85**	**16,229.13**
New Loans Disbursed during the year	82,605.56	-	409.07	-	104.45	-	**83,119.08**	**-**
Loan Derecognized	(37,966.31)	(452.33)	(809.75)	(110.70)	(983.57)	(210.74)	**(39,759.63)**	**(773.77)**
Movement in Stages								
From Stage 1	(7,246.16)	(529.20)	5,967.97	426.81	1,278.20	102.39	**-**	**-**
From Stage 2	2,864.86	240.76	(3,334.37)	(277.19)	469.51	36.43	**-**	**-**
From Stage 3	320.07	51.16	52.77	4.83	(372.84)	(55.99)	**-**	**-**
Loans Repaid in part or full	(33,108.57)	3,014.42	(2,014.95)	(90.37)	(27.68)	247.63	**(35,151.19)**	**3,171.68**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	2.02	-	(0.57)	-	1.13	**-**	**2.58**
Closing EAD March 31, 2022	**144,089.33**	**17,234.60**	**9,275.81**	**670.97**	**3,162.97**	**724.05**	**156,528.11**	**18,629.62**

*Includes amount w.r.t. sanctioned but un-disbursed considered for ECL of ₹ 16,527.55 million (As at March 31, 2021 ₹ 14,305.09 million)

(₹ in million)

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 Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others*
Opening EAD March 31, 2020	**119,052.44**	**13,453.87**	**7,034.84**	**392.40**	**2,052.28**	**290.43**	**128,139.56**	**14,136.70**
New Loans Disbursed during the year	50,371.84	7,855.07	457.91	7.13	42.94	-	**50,872.69**	**7,862.20**
Loan Derecognized	(14,402.98)	(191.35)	(268.38)	(23.14)	(530.84)	(41.45)	**(15,202.20)**	**(255.94)**
Movement in Stages								
From Stage 1	(6,474.07)	(456.91)	5,837.79	397.10	636.28	59.82	**-**	**-**
From Stage 2	3,198.41	140.21	(3,991.10)	(192.55)	792.69	52.33	**-**	**-**
From Stage 3	134.03	9.39	155.07	10.87	(289.10)	(20.26)	**-**	**-**
Loans Repaid in part or full	(15,259.79)	(5,828.71)	(221.06)	126.31	(9.35)	261.76	**(15,490.20)**	**(5,440.64)**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	(73.80)	-	0.04	-	0.57	**-**	**(73.19)**
Closing EAD March 31, 2021	**136,619.88**	**14,907.77**	**9,005.07**	**718.16**	**2,694.90**	**603.20**	**148,319.85**	**16,229.13**

*Includes amount w.r.t. sanctioned but un-disbursed considered for ECL of ₹ 14,305.09 million (As at March 31, 2020 ₹ 12,514.44 million)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Loss Allowances

(₹ in million)

Reconciliation of Loss Allowances	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 Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others*
Opening ECL March 31, 2021	**2,019.50**	**107.60**	**813.83**	**51.11**	**994.05**	**608.59**	**3,827.38**	**767.30**
New Loans Disbursed during the year	660.01	50.51	46.77	2.81	37.16	6.51	**743.94**	**59.83**
Loan Derecognized	(252.42)	(7.91)	(56.74)	(3.29)	(375.06)	(211.82)	**(684.22)**	**(223.02)**
Movement in Stages	-	-	-	-	-	-		
From Stage 1	(258.40)	(4.23)	206.08	3.46	52.32	0.77	-	-
From Stage 2	174.74	7.74	(231.34)	(12.56)	56.60	4.82	-	-
From Stage 3	112.93	51.18	18.35	4.89	(131.29)	(56.07)	-	-
Loans Repaid in part or full	(132.96)	(109.65)	525.67	26.75	555.67	377.15	**948.38**	**294.25**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	-	-	-	-	-	-	-
Closing ECL March 31, 2022	**2,323.40**	**95.24**	**1,322.62**	**73.17**	**1,189.45**	**729.95**	**4,835.47**	**898.36**

*Includes ECL w.r.t. sanctioned but un-disbursed of ₹ 76.74 million (As at March 31, 2021 ₹ 87.28 million).

(₹ in million)

Reconciliation of Loss Allowances	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 Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others*
Opening ECL March 31, 2020	**778.97**	**43.54**	**443.70**	**23.70**	**482.61**	**290.58**	**1,705.28**	**357.82**
New Loans Disbursed during the year	440.23	53.19	31.73	1.30	15.11	2.27	**487.07**	**56.76**
Loan Derecognized	(54.55)	(3.19)	(10.59)	(1.13)	(162.10)	(38.91)	**(227.24)**	**(43.23)**
Movement in Stages								
From Stage 1	(64.79)	(2.11)	60.83	1.90	3.95	0.21	-	-
From Stage 2	174.87	1.88	(276.98)	(13.11)	102.11	11.23	-	-
From Stage 3	34.70	9.39	39.46	10.88	(74.16)	(20.26)	-	-
Loans Repaid in part or full	710.07	4.90	525.68	27.57	626.52	363.47	**1,862.27**	**395.94**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	-	-	-	-	-	-	-
Closing ECL March 31, 2021	**2,019.50**	**107.60**	**813.83**	**51.11**	**994.05**	**608.59**	**3,827.38**	**767.30**

*Includes ECL w.r.t. sanctioned but un-disbursed of ₹ 87.28 million (As at March 31, 2020 ₹ 29.70 million).

39 A.1(III) Concentrations 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 products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Company does not have concentration risk.

62% of the Company's Loan outstanding is from Borrowers residing across 5 various states of India

39 A.1(IV) Contractual amount outstanding on financial assets that were written off during the reporting year

(₹ in million)

Particulars	2021-22	2020-21
Write off	548.39	412.47

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

39 A.1(V) Collateral held

The Company is in the business of extending secured loans backed by mortgage of property (residential or commercial). This also includes cross-collateralization on other property(ies) of the borrower. The Company assesses and monitors value of the collaterals periodically on the basis of the internal policy. In case required, the Company also requests for additional collateral(s).

In normal course of business, the Company does not physically repossess properties or collaterals. Once contractual loan repayments are more than 90 days past due, repossession of property(ies) may be initiated under the provisions of the SARFAESI Act, 2002. Repossessed property(ies) is disposed of in the manner prescribed in the SARFAESI Act, 2002, to recover outstanding debt.

39 A.1(VI) Modified financial assets

For financial assets, such as a loan to a customer, where 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 or loss based on the change in cash flows discounted at the original EIR (Effective Interest Rate).

(₹ in million)

Particulars	2021-22	2020-21
Amortized Cost of Modified Assets at the time of modification	4,865.47	4,515.80
Modification (Gain)/Loss for the year	(2.59)	73.27

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of Modified financial assets	6,277.89	3,986.79

The terms of the assets have been modified in accordance with NHB (Directions)/RBI (HFC) Directions and as per RBI Notification "Resolution Framework for COVID-19-related Stress".

39 A.2 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 by having access to funding through an adequate amount of credit lines. Further, The Company has defined Asset Liability Management (ALM) Framework with an 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 million)

Contractual maturities of financial liabilities 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	**50.58**	-	-	-	50.58	-	-
Trade Payables	**508.11**	508.11	-	-	-	-	-
Finance Lease Obligation*	**241.37**	11.25	10.92	21.20	76.71	60.87	60.42
Debt Securities	**22,179.85**	1,952.24	886.86	107.83	3,465.66	2,124.98	13,642.28
Borrowings (Other than Debt Securities)	**109,449.35**	5,644.01	6,805.72	13,086.27	39,529.95	20,702.55	23,680.85
Subordinated Liabilities	**10,576.86**	31.09	97.15	0.82	650.00	-	9,797.80
Other financial liabilities	**9,444.46**	9,444.46	-	-	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Contractual maturities of financial liabilities As at March 31, 2021	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	**292.08**	-	-	-	292.08	-	-
Trade Payables	**351.58**	351.58	-	-	-	-	-
Finance Lease Obligation*	**191.58**	9.69	9.57	17.50	63.51	46.37	44.94
Debt Securities	**21,027.50**	4,523.06	5,024.82	2,318.21	1,648.81	1,156.61	6,355.99
Borrowings (Other than Debt Securities)	**104,708.22**	8,964.13	8,187.95	11,795.14	39,222.78	15,634.40	20,903.82
Subordinated Liabilities	**4,366.73**	31.09	367.15	200.65	650.00	-	3,117.84
Other financial liabilities	**5,853.89**	5,853.89	-	-	-	-	-

*Contractual maturities of financial lease obligation are on undiscounted basis.

39 A.3 Market Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

Financial institutions may be exposed to Market Risk in variety of ways. Market risk exposure may be explicit in portfolios of securities/equities and instruments that are actively traded. Conversely it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off-balance sheet item. Therefore market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

The Company's exposure to market risk is primarily on account of interest rate risk, foreign exchange risk and price risk.

39 A.3(I) Interest rate risk

Interest rate risk is the risk where changes in market interest rates might adversely affect the entity's financial condition. The rise or fall in interest rates impact the Company's Net Interest Income.

Total Borrowings of the Company are as follows:

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Floating rate borrowings	82,103.00	80,265.07
Fixed rate borrowings	60,103.06	49,837.38
Total borrowings	**142,206.06**	**130,102.45**

As at the end of the reporting year, the Company had the following floating rate borrowings and cross currency interest rate swap contracts outstanding:

(₹ in million)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans and bank overdrafts and Securitization Liability	8.19%	81,812.26	57.53%	8.54%	77,252.26	59.38%
Non Convertible Debentures	7.37%	290.74	0.20%	9.15%	3,012.81	2.32%
Net exposure to cash flow interest rate risk		**82,103.00**	**57.75%**		**80,265.07**	**61.69%**

An analysis by maturities is provided in note 39 A 2(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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Cross Currency Interest Rate Swaps	9.36%	3,876.44	2.73%	9.36%	3,675.23	2.82%

The Company had following floating rate loans and advances outstanding:

(₹ in million)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Loans and advances*	11.44%	158,629.60	100.00%	11.66%	150,243.89	100.00%

*Since certain loans disbursed by Company carry a fix rate of interest only for an initial short tenure of the loan, all loans granted are considered to be floating rate loans

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

(₹ in million)

Particulars	Impact on profit after tax		Impact on other components of equity	
	2021-22	2020-21	2021-22	2020-21
Interest rates – increase by 30 basis points (30 bps) *	(184.32)	(180.19)	-	-
Interest rates – decrease by 30 basis points (30 bps) *	184.32	180.19	-	-

* Holding all other variables constant

Profit or loss is sensitive to higher/lower interest income from loans and advances as a result of changes in interest rates.

(₹ in million)

Particulars	Impact on profit after tax	
	2021-22	2020-21
Interest rates – increase by 30 basis points (30 bps) *	356.12	337.29
Interest rates – decrease by 30 basis points (30 bps) *	(356.12)	(337.29)

* Holding all other variables constant

39 A.3(II) Exposure to currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from banks and External Commercial Borrowings (ECB).

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 Company follows a conservative policy of hedging its foreign currency exposure through Forwards and/or Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company's profit before tax (PBT) and equity.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	Amount Outstanding	
	In ₹	In USD
Borrowing as on March 31, 2022	3,876.44	50.00
Borrowing as on March 31, 2021	3,675.23	50.00

Since the Company has entered into derivative transaction to hedge this borrowing, the Company is not exposed to any currency risk on this borrowing.

39 A.3(III) Price Risk

The Company's investments carry a risk of change in prices. To manage its price risk arising from investments, the Company periodically monitors the performance of the investee.

The Company's exposure to assets having price risk is insignificant.

39 A.3(IV) Competitions Risk

Company offers a range of mortgage products such as home loan, loans against property and construction of real estate. These are provided to a broad segment of customers including salaried and self-employed personnel and corporates. We face competition primarily from other HFCs. The major competitive factors among the peer group are an extensive branch network, greater funding capabilities, wider range of products and services, and advanced technology offerings.

39.B 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 a capital adequacy ratio as prescribed by the NHB Directions/RBI Directions.

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Net Debt (₹ in million)	142,206.07	130,102.45
Total Equity (₹ in million)	26,807.04	21,457.09
Net Debt to Equity Ratio (times)	5.30	6.06

39.B.1 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.

The Company evaluates the significance of financial instruments and material accuracy of the valuations incorporated in the financial statements as they involve a high degree of judgement and estimation uncertainty in determining the carrying values of financial assets and liabilities at the balance sheet date. Fair value of financial instruments is determined using valuation techniques and estimates which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments. In determining the valuation of financial instruments, the Company makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 instruments, and the significant valuation judgements in respect of Level 3 instruments.

The following table shows an analysis of financial instruments:

(₹ in million)

Particulars	As at March 31, 2022		
	FVTPL	FVTOCI	Amortized cost
Financial assets			
Cash and cash equivalents	-	-	13,987.31
Bank Balance other than cash and cash equivalents	-	-	4,332.94

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022		
	FVTPL	FVTOCI	Amortized cost
Receivables			
(i) Trade Receivables	-	-	344.10
Loans	-	28,854.00	124,048.21
Investments	1,440.00	-	95.91
Other Financial assets	-	-	3,570.97
Total financial assets	**1,440.00**	**28,854.00**	**146,379.44**
Financial liabilities			
Derivative financial instruments	-	50.58	-
Trade Payables	-	-	508.11
Finance Lease Obligation	-	-	173.82
Debt Securities	-	-	22,179.86
Borrowings (Other than Debt Securities)	-	-	109,449.34
Subordinated Liabilities	-	-	10,576.86
Other financial liabilities	-	-	9,444.46
Total financial liabilities	**-**	**50.58**	**152,332.45**

(₹ in million)

Particulars	As at March 31, 2021		
	FVTPL	FVTOCI	Amortized cost
Financial assets			
Cash and cash equivalents	-	-	4,123.27
Bank Balance other than cash and cash equivalents	-	-	4,437.40
Receivables			
(i) Trade Receivables	-	-	306.35
Loans	-	23,266.92	122,382.31
Investments	-	-	125.97
Other Financial assets	-	-	2,339.72
Total financial assets	**-**	**23,266.92**	**133,715.02**
Financial liabilities			
Derivative financial instruments	-	292.08	-
Trade Payables	-	-	351.58
Finance Lease Obligation	-	-	149.03
Debt Securities	-	-	21,027.50
Borrowings (Other than Debt Securities)	-	-	104,708.22
Subordinated Liabilities	-	-	4,366.73
Other financial liabilities	-	-	5,853.89
Total financial liabilities	**-**	**292.08**	**136,456.95**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

39.B.2 Financial instruments measured at fair value – Fair value hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Company recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

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.

(₹ in million)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Loans at FVTOCI	-	-	28,854.00	28,854.00
Investments				
(i) Alternate Investment Fund	-	1,440.00	-	1,440.00
Total financial assets	**-**	**1,440.00**	**28,854.00**	**30,294.00**
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	50.58	-	50.58
Total financial liabilities	**-**	**50.58**	**-**	**50.58**

(₹ in million)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Loans at FVTOCI	-	-	23,266.92	23,266.92
Investments				
(i) Alternate Investment Fund	-	-	-	-
Total financial assets	**-**	**-**	**23,266.92**	**23,266.92**
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	292.08	-	292.08
Total financial liabilities	**-**	**292.08**	**-**	**292.08**

Valuation technique used to determine fair value

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
2. Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

(₹ in million)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2022	Fair value	Carrying value	Fair value hierarchy
Financial Liabilities			
Debt Securities	21,401.78	22,179.86	Level 3
Subordinated Liabilities	10,466.09	10,576.86	Level 3
Total financial liabilities	**31,867.87**	**32,756.72**	

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2021	Fair value	Carrying value	Fair value hierarchy
Financial Liabilities			
Debt Securities	19,517.03	21,027.50	Level 3
Subordinated Liabilities	4,035.09	4,366.73	Level 3
Total financial liabilities	**23,552.12**	**25,394.23**	

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.

(i) **Loans:** The cash flows at the fixed rate were discounted to present value at the applicable internal benchmark rates . This value, as estimated, was discounted to present value at the applicable rates to determine their fair value.

(ii) **Equity instruments:** Equity instruments in non-listed entities are initially recognized at transaction price and re-measured (to the extent information is available) and valued on a case-by-case basis and classified as Level 3.

(iii) **Debt Securities and Subordinated Liabilities:** The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value.

(iv) **Financial assets and liabilities:** For financial assets and financial liabilities that have a short-term nature and long term financial assets and liabilities having floating rate structure, carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, loans, investment in debt securities, trade payables, lease liabilities, borrowings (other than debt securities), other financial assets and liabilities.

39.B.3 Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

(₹ in million)

Particulars	Loans - FVTOCI	
	As at March 31, 2022	As at March 31, 2021
Opening Balance	23,266.92	29,862.56
Sold during the year	(24,710.22)	(14,887.13)
Re-classified to amortized cost	(8,210.67)	-
Issuances	38,507.98	8,291.49
Closing Balance	**28,854.00**	**23,266.92**

40.1 Transferred financial assets that are derecognized in their entirety

During the year, the Company has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been 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 Company's business model remains to hold the assets for collecting contractual cash flows.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

The table below summarizes the carrying amount of the derecognized financial assets measured at FVTOCI and the gain/(loss) on derecognition:

(₹ in million)

Loans and advances	2021-22	2020-21
Carrying amount of derecognized financial assets	24,710.22	14,887.13
Gain from derecognition for the year	1,045.58	770.76

The table below summarizes the carrying amount of the continuing involvement in derecognized financial assets

(₹ in million)

Loans and advances	As at March 31, 2022	As at March 31, 2021
Carrying amount of continuing involvement in derecognized financial assets	8,383.87	8,039.49

40.2 Transferred financial assets that are not derecognized in their entirety:

The Company 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 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 million)

Securitizations	As at March 31, 2022	As at March 31, 2021
Carrying amount of transferred assets measured at amortized cost	4,169.52	5,374.26
Carrying amount of associated liabilities	4,172.92	5,453.04
Fair value of assets	4,169.52	5,374.26
Fair value of associated liabilities	4,172.92	5,453.04

40.3 Re-classification of financial assets to amortized cost category

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value of financial assets re-classified as amortized cost	7,935.67	-
Fair value of gain/loss would have been recognized in profit or loss or other comprehensive income	(6.40)	-

40.4 Re-classification of financial assets from Fair Value Through Other Comprehensive Income to Amortized Cost

Particulars	As at March 31, 2022	As at March 31, 2021
Date of reclassification	July 2021 to March 2022	-
Reclassification amount (₹ in million)	8,210.67	-

Note: The Company has reclassified the above assets due to change in business model in respect of the specified assets. These assets are now intended to be held to collect the contractual cashflow.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

41. RELATED PARTY DISCLOSURES AS PER IND AS – 24 "RELATED PARTY DISCLOSURE" FOR THE YEAR ENDED MARCH 31, 2022

Nature of relationship	Name of Party
Holding company	IIFL Finance Limited
Subsidiary company	IIHFL Sales Limited
Fellow Subsidiary and Associate	IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)
Other Related Parties (Due to common Promoter)	IIFL Facilities Services Limited
	IIFL Securities Limited
	IIFL Wealth Management Limited
	IIFL Wealth Finance Limited
	IIFL Management Services Limited
	Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)
	Livlong Protection and Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)
	IIFL Commodities Limited
	IIFL Wealth Distribution Services Limited
	5Paisa Capital Limited
	India Infoline Foundation
Key Management Personnel and other Directors	Mr. Nirmal Jain - Non-Executive Director
	Mr. R Venkataraman - Non-Executive Director
	Mr. S. Sridhar - Chairman and Independent Director
	Mr. AK Purwar - Independent Director
	Mr. Kranti Sinha - Independent Director
	Ms. Suvalaxmi Chakraborty - Independent Director (ceased w.e.f. June 15, 2021)
	Ms. Mohua Mukherjee- Independent Director (w.e.f. August 26, 2021)

List includes related parties with whom transactions were carried out during current or previous year.

41.A Significant transactions with related parties:

(₹ in million)

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Interest Income						
IIFL Finance Limited	-	-	-	-	-	-
	(333.59)	(-)	(-)	(-)	(-)	(333.59)
IIFL Facilities Services Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(46.61)	(-)	(46.61)
IIFL Management Services Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(28.17)	(-)	(28.17)
IIHFL Sales Limited	-	0.13	-	-	-	0.13
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Samasta Finance Limited	-	-	-	-	-	-
	(-)	(-)	(19.56)	(-)	(-)	(19.56)
Interest Expense						
IIFL Finance Limited	201.61	-	-	-	-	201.61
	(28.38)	(-)	(-)	(-)	(-)	(28.38)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
IIFL Securities Limited	-	-	-	3.31	-	3.31
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Facilities Services Limited	-	-	-	0.70	-	0.70
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Management Services Limited	-	-	-	1.60	-	1.60
	(-)	(-)	(-)	(-)	(-)	(-)
Service Fees Income for Mortgage Portfolio						
IIFL Finance Limited	15.59	-	-	-	-	15.59
	(6.47)	(-)	(-)	(-)	(-)	(6.47)
Corporate Social Responsibility Expense (CSR)						
India Infoline Foundation	-	-	-	70.70	-	70.70
	(-)	(-)	(-)	(71.50)	(-)	(71.50)
Arranger fees Expense						
IIFL Finance Limited	0.43	-	-	-	-	0.43
	(1.27)	(-)	(-)	(-)	(-)	(1.27)
IIFL Securities Limited	-	-	-	6.40	-	6.40
	(-)	(-)	(-)	(4.08)	(-)	(4.08)
IIFL Wealth Distribution Services Limited	-	-	-	1.60	-	1.60
	(-)	(-)	(-)	(-)	(-)	(-)
IIHFL Sales Limited	-	10.30	-	-	-	10.30
	(-)	(-)	(-)	(-)	(-)	(-)
Commission/Brokerage Expense						
IIFL Securities Limited	-	-	-	232.52	-	232.52
	(-)	(-)	(-)	(0.00)	(-)	(0.00)
Remuneration and Compensation to KMP						
Mr. Monu Ratra - Short Term Benefit	-	-	-	-	49.33	49.33
	(-)	(-)	(-)	(-)	(38.61)	(38.61)
Mr. Monu Ratra - Post Employment Benefit	-	-	-	-	0.16	0.16
	(-)	(-)	(-)	(-)	(0.32)	(0.32)
Sitting Fees paid to Directors						
Mr. Kranti Sinha	-	-	-	-	0.68	0.68
	(-)	(-)	(-)	(-)	(0.57)	(0.57)
Mr. S. Sridhar	-	-	-	-	0.77	0.77
	(-)	(-)	(-)	(-)	(0.69)	(0.69)
Ms. Suvalaxmi Chakraborty	-	-	-	-	0.15	0.15
	(-)	(-)	(-)	(-)	(0.48)	(0.48)
Mr. AK Purwar	-	-	-	-	0.31	0.31
	(-)	(-)	(-)	(-)	(0.33)	(0.33)
Ms. Mohua Mukherjee	-	-	-	-	0.19	0.19
	(-)	(-)	(-)	(-)	(-)	(-)
Commission to Directors						
Mr. Kranti Sinha	-	-	-	-	1.00	1.00
	(-)	(-)	(-)	(-)	(1.00)	(1.00)
Mr. S. Sridhar	-	-	-	-	1.20	1.20
	(-)	(-)	(-)	(-)	(1.00)	(1.00)
Ms. Mohua Mukherjee	-	-	-	-	0.60	0.60
	(-)	(-)	(-)	(-)	(-)	(-)
Ms. Suvalaxmi Chakraborty	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(1.00)	(1.00)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Interim Dividend Payment						
IIFL Finance Limited	629.05	-	-	-	-	629.05
	(524.20)	(-)	(-)	(-)	(-)	(524.20)
Interim Dividend Received						
IIFL Samasta Finance Limited	-	-	-	-	-	-
	(-)	(-)	(40.10)	(-)	(-)	(40.10)
ICD Taken						
IIFL Finance Limited	32,844.00	-	-	-	-	32,844.00
	(11,950.00)	(-)	(-)	(-)	(-)	(11,950.00)
IIFL Securities Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(3,570.00)	(-)	(3,570.00)
IIFL Facilities Services Limited	-	-	-	450.00	-	450.00
	(-)	(-)	(-)	(20.00)	(-)	(20.00)
ICD Returned						
IIFL Securities Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(3,570.00)	(-)	(3,570.00)
IIFL Finance Limited	32,844.00	-	-	-	-	32,844.00
	(11,950.00)	(-)	(-)	(-)	(-)	(11,950.00)
IIFL Facilities Services Limited	-	-	-	450.00	-	450.00
	(-)	(-)	(-)	(20.00)	(-)	(20.00)
ICD/Loan Given						
IIFL Finance Limited	4,210.00	-	-	-	-	4,210.00
	(82,387.10)	(-)	(-)	(-)	(-)	(82,387.10)
IIFL Facilities Services Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(7,073.50)	(-)	(7,073.50)
IIFL Securities Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(327.50)	(-)	(327.50)
IIHFL Sales Limited	-	19.84	-	-	-	19.84
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Samasta Finance Limited	-	-	-	-	-	-
	(-)	(-)	(1,000.00)	(-)	(-)	(1,000.00)
ICD/Loan received back						
IIFL Finance Limited	4,210.00	-	-	-	-	4,210.00
	(82,387.10)	(-)	(-)	(-)	(-)	(82,387.10)
IIFL Facilities Services Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(8,039.50)	(-)	(8,039.50)
IIFL Management Services Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(569.10)	(-)	(569.10)
IIFL Securities Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(327.50)	(-)	(327.50)
IIHFL Sales Limited	-	19.84	-	-	-	19.84
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Samasta Finance Limited	-	-	-	-	-	-
	(-)	(-)	(1,000.00)	(-)	(-)	(1,000.00)
Purchase of Investment						
IIFL Finance Limited	1,440.00	-	-	-	-	1,440.00
	(1,321.23)	(-)	(-)	(-)	(-)	(1,321.23)
Equity Shares Allotment						

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
IIFL Samasta Finance Limited	-	-	750.00	-	-	750.00
	(-)	(-)	(225.00)	(-)	(-)	(225.00)
IIHFL Sales Limited	-	0.50	-	-	-	0.50
	(-)	(-)	(-)	(-)	(-)	(-)
Allocation of expenses paid						
IIFL Securities Limited	-	-	-	44.64	-	44.64
	(-)	(-)	(-)	(45.13)	(-)	(45.13)
IIFL Management Services Limited	-	-	-	0.85	-	0.85
	(-)	(-)	(-)	(1.27)	(-)	(1.27)
IIFL Finance Limited	47.59	-	-	-	-	47.59
	(30.15)	(-)	(-)	(-)	(-)	(30.15)
IIFL Facilities Services Limited	-	-	-	7.37	-	7.37
	(-)	(-)	(-)	(5.63)	(-)	(5.63)
Reimbursement paid						
IIFL Securities Limited	-	-	-	3.17	-	3.17
	(-)	(-)	(-)	(1.91)	(-)	(1.91)
IIFL Facilities Services Limited	-	-	-	0.01	-	0.01
	(-)	(-)	(-)	(0.00)	(-)	(0.00)
IIFL Finance Limited	5.82	-	-	-	-	5.82
	(9.94)	(-)	(-)	(-)	(-)	(9.94)
IIFL Management Services Limited	-	-	-	0.00	-	0.00
	(-)	(-)	(-)	(0.01)	(-)	(0.01)
Livlong Insurance Brokers Limited	-	-	-	0.09	-	0.09
	(-)	(-)	(-)	(0.07)	(-)	(0.07)
5Paisa Capital Limited	-	-	-	0.87	-	0.87
	(-)	(-)	(-)	(0.11)	(-)	(0.11)
IIFL Wealth Management Limited	-	-	-	0.00	-	0.00
	(-)	(-)	(-)	(-)	(-)	(-)
IIHFL Sales Limited	-	0.06	-	-	-	0.06
	(-)	(-)	(-)	(-)	(-)	(-)
ESOP						
IIFL Securities Limited	-	-	-	0.02	-	0.02
	(-)	(-)	(-)	(0.20)	(-)	(0.20)
IIFL Wealth Management Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(0.06)	(-)	(0.06)
IIFL Finance Limited	11.34	-	-	-	-	11.34
	(22.41)	(-)	(-)	(-)	(-)	(22.41)
Allocation of expenses received						
IIFL Management Services Limited	-	-	-	0.00	-	0.00
	(-)	(-)	(-)	(0.02)	(-)	(0.02)
IIFL Securities Limited	-	-	-	3.99	-	3.99
	(-)	(-)	(-)	(5.29)	(-)	(5.29)
5Paisa Capital Limited	-	-	-	0.00	-	0.00
	(-)	(-)	(-)	(0.14)	(-)	(0.14)
IIFL Finance Limited	9.10	-	-	-	-	9.10
	(5.55)	(-)	(-)	(-)	(-)	(5.55)
IIHFL Sales Limited	-	1.12	-	-	-	1.12
	(-)	(-)	(-)	(-)	(-)	(-)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Reimbursement received						
IIFL Securities Limited	-	-	-	2.82	-	2.82
	(-)	(-)	(-)	(1.81)	(-)	(1.81)
IIFL Finance Limited	2.62	-	-	-	-	2.62
	(13.12)	(-)	(-)	(-)	(-)	(13.12)
IIFL Management Services Limited	-	-	-	0.04	-	0.04
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Facilities Services Limited	-	-	-	0.00	-	0.00
	(-)	(-)	(-)	(0.05)	(-)	(0.05)
5Paisa Capital Limited	-	-	-	0.33	-	0.33
	(-)	(-)	(-)	(0.06)	(-)	(0.06)
Livlong Insurance Brokers Limited	-	-	-	0.20	-	0.20
	(-)	(-)	(-)	(0.07)	(-)	(0.07)
Livlong Protection and Wellness Solutions Limited	-	-	-	0.08	-	0.08
	(-)	(-)	(-)	(-)	(-)	(-)
IIHFL Sales Limited	-	0.82	-	-	-	0.82
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Commodities Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(0.63)	(-)	(0.63)
Sale of Fixed Assest						
IIHFL Sales Limited	-	0.19	-	-	-	0.19
	(-)	(-)	(-)	(-)	(-)	(-)
Payment of Assignment Transactions						
IIFL Finance Limited	901.44	-	-	-	-	901.44
	(902.18)	(-)	(-)	(-)	(-)	(902.18)
Debentures Bought back						
IIFL Finance Limited	-	-	-	-	-	-
	(500.00)	(-)	(-)	(-)	(-)	(500.00)
IIFL Wealth Finance Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(224.97)	(-)	(224.97)

41 B. Closing balance:

(₹ in million)

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Payable to Group/Holding Company						
IIFL Facilities Services Limited	-	-	-	0.73	-	0.73
	(-)	(-)	(-)	(0.08)	(-)	(0.08)
IIFL Securities Limited	-	-	-	0.01	-	0.01
	(-)	(-)	(-)	(1.78)	(-)	(1.78)
IIFL Finance Limited	1.32	-	-	-	-	1.32
	(7.93)	(-)	(-)	(-)	(-)	(7.93)
5paisa Capital Limited	-	-	-	0.06	-	0.06
	(-)	(-)	(-)	(0.09)	(-)	(0.09)
IIFL Wealth Management Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(0.01)	(-)	(0.01)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
IIHFL Sales Limited	-	4.40	-	-	-	4.40
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Wealth Distribution Services Limited	-	-	-	1.81	-	1.81
	(-)	(-)	(-)	(-)	(-)	(-)
Livlong Insurance Brokers Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(0.06)	(-)	(0.06)
Receivable from Group/Holding Company						
IIFL Management Services Limited	-	-	-	0.05	-	0.05
	(-)	(-)	(-)	(-)	(-)	(-)
Livlong Insurance Brokers Limited	-	-	-	0.18	-	0.18
	(-)	(-)	(-)	(-)	(-)	(-)
Livlong Protection and Wellness Solutions Limited	-	-	-	0.09	-	0.09
	(-)	(-)	(-)	(-)	(-)	(-)
India Infoline Foundation	-	-	-	30.30	-	30.30
	(-)	(-)	(-)	(-)	(-)	(-)
Debt Securities Outstanding						
IIFL Wealth Finance Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(218.00)	(-)	(218.00)
IIFL Securities Limited	-	-	-	80.00	-	80.00
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Management Services Limited	-	-	-	40.00	-	40.00
	(-)	(-)	(-)	(-)	(-)	(-)
Provision for Post Employment Benefits						
Mr. Monu Ratra	-	-	-	-	2.53	2.53
	(-)	(-)	(-)	(-)	(2.31)	(2.31)
Commission Payable						
Mr. Kranti Sinha	-	-	-	-	1.00	1.00
	(-)	(-)	(-)	(-)	(1.00)	(1.00)
Mr. S. Sridhar	-	-	-	-	1.20	1.20
	(-)	(-)	(-)	(-)	(1.00)	(1.00)
Ms. Suvalaxmi Chakraborty	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(1.00)	(1.00)
Ms. Mohua Mukherjee	-	-	-	-	0.60	0.60
	(-)	(-)	(-)	(-)	(-)	(-)
Corporate Guarantee						
IIFL Finance Limited	8,454.96	-	-	-	-	8,454.96
	(12,255.43)	(-)	(-)	(-)	(-)	(12,255.43)

Figures in brackets represents previous year's figures.

41 C. 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 million)

Name of Related Party	Outstanding as on March 31, 2022	Maximum Out-standing during the year
IIHFL Sales Limited	-	12.90
IIFL Finance Limited	-	-

Note: Amount given as ICDs to IIFL Finance Limited is in the nature of intraday transaction hence maximum outstanding is zero.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 42. CURRENT AND NON CURRENT CLASSIFICATION - STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

(₹ in million)

Sr. no.	Particulars	Current	Non Current	Total
	ASSETS			
1	**Financial Assets**			
(a)	Cash and cash equivalents	13,987.31	-	**13,987.31**
(b)	Bank balance other than (a) above	2,842.37	1,490.57	**4,332.94**
(c)	Receivables			
	(I) Trade receivables	344.10	-	**344.10**
(d)	Loans	35,211.36	117,690.85	**152,902.21**
(e)	Investments	3.35	3,829.28	**3,832.63**
(f)	Other financial assets	22.97	3,548.00	**3,570.97**
2	**Non-financial Assets**			
(a)	Current tax assets (net)	-	55.06	**55.06**
(b)	Deferred tax assets (net)	-	640.91	**640.91**
(c)	Investment Property	-	66.30	**66.30**
(d)	Property, plant and equipment	-	65.51	**65.51**
(e)	Right of use assets	-	154.52	**154.52**
(f)	Other intangible assets	-	1.82	**1.82**
(g)	Other non-financial assets	47.09	0.65	**47.74**
(h)	Assets held for sale	96.99	-	**96.99**
	Total Assets	**52,555.54**	**127,543.47**	**180,099.01**
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Derivative financial instruments	-	50.58	**50.58**
(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	508.11	-	**508.11**
(c)	Finance Lease Obligation	30.46	143.36	**173.82**
(d)	Debt securities	2,946.93	19,232.93	**22,179.86**
(e)	Borrowings (other than debt securities)	25,536.01	83,913.33	**109,449.34**
(f)	Subordinated liabilities	129.06	10,447.80	**10,576.86**
(g)	Other financial liabilities	9,444.46	-	**9,444.46**
2	**Non-financial Liabilities**			
(a)	Current tax liabilities (net)	260.35	-	**260.35**
(b)	Provisions	94.04	46.46	**140.50**
(c)	Other non-financial liabilities	508.09	-	**508.09**
3	**Equity**			
(a)	Equity share capital	-	209.68	**209.68**
(b)	Other equity	-	26,597.36	**26,597.36**
	Total liabilities and equity	**39,457.51**	**140,641.50**	**180,099.01**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 42. CURRENT AND NON CURRENT CLASSIFICATION - STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2021

(₹ in million)

Sr. no.	Particulars	Current	Non Current	Total
	ASSETS			
1	**Financial Assets**			
(a)	Cash and cash equivalents	4,123.27	-	**4,123.27**
(b)	Bank balance other than (a) above	4,014.86	422.54	**4,437.40**
(c)	Receivables			
	(I) Trade receivables	306.35	-	**306.35**
(d)	Loans	30,849.89	114,799.34	**145,649.23**
(e)	Investments	4.23	1,667.97	**1,672.20**
(f)	Other financial assets	45.02	2,294.70	**2,339.72**
2	**Non-financial Assets**			
(a)	Current tax assets (net)	-	143.57	**143.57**
(b)	Deferred tax assets (net)	-	701.71	**701.71**
(c)	Investment Property	-	70.05	**70.05**
(d)	Property, plant and equipment	-	24.84	**24.84**
(e)	Right of use assets	-	135.76	**135.76**
(f)	Other intangible assets	-	1.26	**1.26**
(g)	Other non-financial assets	30.61	2.67	**33.28**
(h)	Assets held for sale	139.46	-	**139.46**
	Total Assets	**39,513.69**	**120,264.41**	**159,778.10**
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Derivative financial instruments	-	292.08	**292.08**
(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	351.58	-	**351.58**
(c)	Finance Lease Obligation	25.40	123.63	**149.03**
(d)	Debt securities	11,866.10	9,161.40	**21,027.50**
(e)	Borrowings (other than debt securities)	28,947.22	75,761.00	**104,708.22**
(f)	Subordinated liabilities	598.89	3,767.84	**4,366.73**
(g)	Other financial liabilities	5,853.89	(0.00)	**5,853.89**
2	**Non-financial Liabilities**			
(a)	Current tax liabilities (net)	312.59	-	**312.59**
(b)	Provisions	85.80	39.98	**125.78**
(c)	Other non-financial liabilities	1,133.61	-	**1,133.61**
3	**Equity**			
(a)	Equity share capital	-	209.68	**209.68**
(b)	Other equity	-	21,247.41	**21,247.41**
	Total liabilities and equity	**49,175.08**	**110,603.02**	**159,778.10**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

43. RBI DISCLOSURES

43 A. Disclosure made vide Notification "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 (Resolution Framework 1.0).

(₹ in million)

Type of Borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan as at September 2021	(B) of (A), aggregate debt that slipped into NPA during the half year	(C) Of (A), amount written off during the half year	(D) Of (A), amount paid by the borrower during the half year	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan as at March 2022
Personal Loans	1,200.27	147.28	5.92	42.83	1,004.23
Corporate persons	159.62	-	-	35.25	124.37
of which MSMEs	-	-	-	-	-
Others	337.62	28.86	0.97	0.40	307.39
Total	**1,697.51**	**176.14**	**6.89**	**78.48**	**1,435.99**

43 B. Disclosure made vide Notification No - RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 on "Implementation of Indian Accounting Standards"

(₹ in million)

Asset Classification as per RBI Notes	Asset Classification as per Ind AS 109	Gross carrying Amount Ind AS*	Loss Allowances (Provisions) as required under Ind AS 109*	Net Carrying Amount	Provisions 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)
Performing Assets						
Standard	Stage 1	144,943.16	2,320.38	142,622.78	1,117.76	1,202.62
	Stage 2	8,211.16	1,106.42	7,104.74	144.50	961.92
Subtotal		**153,154.32**	**3,426.80**	**149,727.52**	**1,262.26**	**2,164.54**
Non-Performing Asset						
Substandard	Stage 1**	205.89	39.94	165.95	30.46	9.48
	Stage 2**	1,419.67	284.34	1,135.33	204.22	80.12
	Stage 3	1,934.73	845.59	1,089.14	265.65	579.94
Subtotal for Substandard		**3,560.29**	**1,169.87**	**2,390.42**	**500.33**	**669.54**
Doubtful upto 1 year	Stage 3	1,025.64	505.89	519.75	227.01	278.88
1 to 3 years	Stage 3	820.29	468.71	351.58	236.97	231.74
More than 3 years	Stage 3	228.90	142.23	86.67	138.53	3.70
Subtotal for doubtful		**2,074.83**	**1,116.83**	**958.00**	**602.51**	**514.32**
Loss	Stage3	-	-	-	-	-
Subtotal for NPA*		**5,635.12**	**2,286.70**	**3,348.42**	**1,102.84**	**1,183.86**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norm	Stage 1	16,211.58	71.73	16,139.84	-	71.73
	Stage 2	315.96	5.00	310.96	-	5.00
	Stage 3	-	-	-	-	-
Subtotal for Other Items		**16,527.54**	**76.73**	**16,450.81**	**-**	**76.73**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Asset Classification as per RBI Notes	Asset Classification as per Ind AS 109	Gross carrying Amount Ind AS*	Loss Allowances (Provisions) as required under Ind AS 109*	Net Carrying Amount	Provisions 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)
Total	Stage 1	161,360.64	2,432.05	158,762.63	1,117.76	1,274.35
	Stage 2	9,946.79	1,395.76	7,415.70	144.50	966.92
	Stage 3	4,009.56	1,962.42	3,348.42	1,102.84	1,183.86
	Total	175,316.99	5,790.23	169,526.75	2,365.10	3,425.13

*Includes Assets held for sale aggregating to ₹ 96.99 million (Net of ECL Provision) for which disposal is under process as per SARFAESI Act.(Refer Note No. 14).

In terms of the requirement as per RBI notifications no.RBI/2019-20/170DOR(NBFC).CC.PDNo.109/22.10.106/2019-20 dated March 13,2020 on implementation of Indian Accounting Standards,Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at March 31,2022 and accordingly, no amount is required to be transferred to impairment reserve.

**Refer Note 7.2 for Circular issued by Reserve Bank of India, no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021.

43 C. Annex III Schedule to the Balance Sheet

(₹ in million)

	Particulars		As at March 31, 2022		As at March 31, 2021	
			Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Liabilities side					
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**					
	(a)	Debentures : Secured	21,440.44	-	21,027.50	-
		: Unsecured	10,576.86	-	4,366.73	-
		(other than falling within the meaning of public deposits)				
	(b)	Deferred Credits	-	-	-	-
	(c)	Term Loans	105,156.42	-	98,315.18	-
	(d)	Inter-corporate loans and borrowing	-	-	-	-
	(e)	Commercial Paper	739.42	-	-	-
	(f)	Public Deposits	-	-	-	-
	(g)	Other Loans	-	-	-	-
		Securitization Liability	4,172.92	-	5,453.04	-
		Cash credit/Overdraft from Banks	120.00	-	940.00	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

	Particulars	As at March 31, 2022		As at March 31, 2021	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-

	Assets side	Amount outstanding	Amount outstanding
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	158,729.42	150,448.72
	(b) Unsecured	60.83	25.08
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**		
	(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 asset financing activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
5	**Break-up of Investments**		
	Current 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	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

	Assets side	Amount outstanding	Amount outstanding
	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	2,296.72	1,546.23
	(b) Preference	-	-
	(ii) Debentures and Bonds	95.91	125.97
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (investment in units of AIFs)	1,440.00	-

6	**Borrower group-wise classification of assets financed as in (3) and (4) above:**	**As at March 31, 2022**			**As at March 31, 2021**		
	Category	**Amount net of provisions**			**Amount net of provisions**		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1 Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	-	-	-	-	-	-
	2 Other than related parties	152,999.20	-	152,999.20	145,788.69	-	145,788.69
	Total	**152,999.20**	**-**	**152,999.20**	**145,788.69**	**-**	**145,788.69**

Category		**As at March 31, 2022**		**As at March 31, 2021**	
		Market Value/Break up or fair value or NAV	**Book Value (Net of Provisions)**	**Market Value/ Break up or fair value or NAV**	**Book Value (Net of Provisions)**
7	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**				
	1 Related Parties				
	(a) Subsidiaries	28.38	0.50	-	-
	(b) Companies in the same group	2,498.21	2,296.22	1,623.77	1,546.23
	(c) Other related parties	-	-	-	-
	2 Other than related parties	1,535.91	1,535.91	125.97	125.97
	Total	**4,062.50**	**3,832.63**	**1,749.74**	**1,672.20**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Particulars			Amount	Amount
8	**Other information**			
	(i) Gross Non-Performing Assets			
		(a) Related parties	-	-
		(b) Other than related parties	5,635.13	3,527.79
	(ii) Net Non-Performing Assets			
		(a) Related parties	-	-
		(b) Other than related parties	3,347.70	1,835.64
	(iii) Assets acquired in satisfaction of debt (Note)		-	-

Note:

1. Assets classified as Assets held for sale are disclosed separately in the financial statement as per requirements of IND AS 105. For the purpose of reporting above, such assets aggregating to ₹ 122.55 million and ₹ 76.98 million have been presented as a part of Gross Non Performing Assets and Net Non-Performing Assets respectively (P.Y. 2020-21 ₹ 229.68 million and ₹ 139.46 million respectively).
2. The above figure includes cases classified as non-performing assets basis circular issued by Reserve Bank of India, no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021.

43D. Disclosures as per the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021: The following additional disclosures have been given in terms of the Notification RBI/2020-21/73 DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated February 17, 2021.

Liquidity Risk Management Framework

(₹ in million)

Sr. No.	Particulars	As at March 31, 2022		As at December 31, 2021	
		Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
1	**Total High Quality Liquid Assets (HQLA)**	**9,922.29**	**9,922.29**	**6,598.43**	**6,598.43**
	Cash and Bank Balance	1,655.62	1,655.62	2,478.15	2,478.15
	Fixed deposits (other than those invested for the purpose of Section 29B of NHB Act, 1987)	8,266.67	8,266.67	4,120.28	4,120.28
	Cash Outflows				
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	30.63	35.22	138.38	159.13
4	Secured wholesale funding	2,056.37	2,364.82	2,283.95	2,626.54
5	Additional requirements, of which				
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	360.91	415.05	276.02	317.43
7	Other contingent funding obligations	750.00	862.50	750.00	862.50
8	**Total Cash outflows**	**3,197.91**	**3,677.59**	**3,448.35**	**3,965.60**
	Cash Inflows				
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	2,034.89	1,526.17	1,977.00	1,482.75
11	Other cash inflows	2,551.61	1,913.71	4,263.61	3,197.71
12	**Total Cash Inflows**	**4,586.50**	**3,439.87**	**6,240.61**	**4,680.46**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Sr. No.	Particulars	As at March 31, 2022		As at December 31, 2021	
		Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
			Total Adjusted Value		Total Adjusted Value
13	**Total HQLA**		9,922.29		6,598.43
14	**Total Net Cash Outflows**		919.40		991.40
15	**Liquidity Coverage Ratio(%)**		1079		666

Note: LCR computation is based on Management estimation of future inflows and outflows and not subjected to audit by auditors.

Qualitative Disclosure

Liquidity Coverage Ratio (LCR) aims to ensure that NBFC's maintains an adequate level of unencumbered High Quality Liquidity Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The Company has robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Company has been able to manage LCR quite higher than the minimum requirement of 50%.

HQLA comprises of unencumbered Bank Balances and Fixed Deposit, Cash in Hand, Liquid Investments after appropriate haircut. The Company maintains sufficient balance of Cash and Bank Balance and liquid Investments which can be easily liquidated in times of stress.

Liquidity Coverage Ratio results drive by inflow of next 30 days receivable on loans and advances and corresponding outflow over the next 30 days towards borrowings and other liabilities.

43E. Details of loans transferred/acquired during the year ended March 31, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021

(₹ in million)

Sr. No.	Particulars	As at March 31, 2022
1	Count of Loan Assigned	17087
2	Amount of Loan transferred	27,455.80
3	Retention of beneficial Economic Interest(MRR)	10%
4	Wgt Average Maturity (Residual Maturity)	200.44 months
5	Wgt Average Holding Period	13.50 month
6	Coverage of Tangible security	100%
7	Rating wise distribution of rated loans	Unrated

44. DISCLOSURES AS PER THE NON-BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021:

The following additional disclosures have been given in terms of the Notification RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 as amended from time to time.

The below mentioned notes have been prepared as per Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 ("IND AS").

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

44.1. Public disclosure on liquidity risk:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in million)

Year	No. of significant counterparties	Amount	% of Total Deposits	% of Total Liabilities*
March 31, 2022	16	114,462.80	NA	74.67%
March 31, 2021	15	111,784.13	NA	80.81%

*Note : Total Liabilities has been computed as Total Liabilities less Equity share capital less Other Equity

(ii) Top 20 large deposits (amount in ₹ million and % of total deposits) – Not Applicable

(iii) Top 10 borrowings

(₹ in million)

Year	Amount	% of Total Borrowings
March 31, 2022	99,378.93	69.88%
March 31, 2021	100,863.54	77.53%

(iv) Funding Concentration based on significant instrument/product

(₹ in million)

Name of the Product	March 31, 2022		March 31, 2021	
	Amount (₹ in million)	% of Total Liabilities*	Amount (₹ in million)	% of Total Liabilities*
Non Convertible Debentures	32,017.30	20.89%	25,394.23	18.36%
Term Loans	105,156.42	68.60%	98,315.18	71.08%
Securitization	4,172.92	2.72%	5,453.04	3.94%
Cash Credit/Overdraft Facilities	120.00	0.08%	940.00	0.68%
Commercial papers	739.42	0.48%	-	0.00%

*Note : Total Liabilities has been computed as Total Liabilities less Equity share capital less Other Equity

(v) Stock Ratios

Stock Ratio	March 31, 2022	March 31, 2021
Commercial papers as a % of total public funds	0.52%	Nil
Commercial papers as a % of total liabilities	0.48%	Nil
Commercial papers as a % of total assets	0.41%	Nil
Non-convertible debentures (original maturity of less than one year) 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
Other short-term liabilities as a % of total public funds	27.75%	37.80%
Other short-term liabilities as a % of total liabilities	25.74%	35.55%
Other short-term liabilities as a % of total assets	21.91%	30.78%

(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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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.

The Company also manages liquidity risk by maintaining sufficient cash and by having access to funding through an adequate amount of credit lines. 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.

44.2.Disclosure on Principal business criteria

Particulars	March 31, 2022	March 31, 2021
Total Housing Loans (%)	57.79%	61.18%
Individual Housing Loans (%)	54.84%	55.77%

*% of Total assets netted of intangible assets.

44.3. Other Disclosures as per the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

I. Capital

(₹ in million)

Particulars		March 31, 2022	March 31, 2021
(i)	CRAR %	30.48	22.98
(ii)	CRAR - Tier I Capital (%)	21.10	19.61
(iii)	CRAR - Tier II Capital (%)	9.38	3.37
(iv)	Amount of subordinated debt raised as Tier- II Capital	9,503.39	3,935.16
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

II) Reserve fund u/s 29C of NHB Act, 1987

(₹ in million)

Particulars		March 31, 2022	March 31, 2021
Balance at the beginning of the year			
a)	Amount of special reserve U/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve U/s 29C of the NHB Act, 1987	2,624.58	1,844.41
b)	Statutory Reserve U/s 29C of the NHB Act, 1987	249.12	224.29
c)	**Total**	**2,873.70**	**2,068.70**
	Addition/Appropriation/Withdrawal during the year		
	Add: a) Amount of special reserve U/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve U/s 29C of the NHB Act, 1987	939.30	780.17
	b) Amount transferred U/s 29C of the NHB Act, 1987	216.70	24.83
	Less: a) Amount withdrawn from the Special Reserve U/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision U/s 29C of the NHB Act, 1987	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
b) Amount appropriated from the Statutory Reserve U/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Amount of special reserve U/s 36(1)(viii) of Income Tax Act,1961 taken into account for the purposes of Statutory Reserve U/s 29C of the NHB Act, 1987	3,563.88	2,624.58
b) Statutory Reserve U/s 29C of the NHB Act, 1987	465.82	249.12
c) Total	**4,029.70**	**2,873.70**

III) Investments

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
A) Value of Investments		
(i) Gross Value of Investments		
(a) In India*	3,907.47	1,747.04
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	8.54	4.79
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	3,898.93	1,742.25
(b) Outside India	-	-
B) Movement of provisions held towards depreciation on investments		
(i) Opening balance	4.79	83.43
(ii) Add: Provisions made during the year	3.75	4.79
(iii) Less: Write-off/Write back of excess provisions during the year	-	83.43
(iv) Closing balance	8.54	4.79

* Includes investment property of ₹ 74.84 million (as at March 31, 2021 ₹ 74.84 million)

IV) Derivatives

a. Forward Rate Agreement (FRA)/Interest Rate Swap (IRS)

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
(i) The notional principal of swap agreements	3,630.75	3,630.75
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	The Company has entered into derivatives contract with the Schedule Commercial Banks.	
(v) The fair value of the swap book	50.58	292.08

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

b. Exchange Traded Interest Rate (IR) Derivative

(₹ in million)

Particulars		March 31, 2022
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2022 (instrument wise)	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)	-

(₹ in million)

Particulars		March 31, 2021
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument- wise)	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2021 (instrument-wise)	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)	-

c. Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

The Company has to manage various risks associated with the lending business. These risks include liquidity risk, exchange risk, interest rate risk and counterparty risk.

To manage these risks, the Company has board approved policy framework for derivatives, consistent with its general corporate responsibility for corporate governance. The management of derivative activity would be further integrated into the Company's overall risk management system.

The rationale for hedging risk in case of the Company is to reduce potential costs of financial distress by making the Company less vulnerable to adverse market movements in interest rate, exchange rate etc. and also create a stable planning environment to avoid huge fluctuations on the financials of the Company due to market movements.

Objectives of the policy

- Identify and manage the Company's debt and related interest rate risk
- Reduce overall interest cost of the Company
- Management of foreign currency positions, derivative transactions and related risks
- To evaluate and measure these risks and their sensitivity to operations
- Establish processes for monitoring and control of the risks as per policy
- Effective MIS and regular reporting of positions and risks to the Risk Management Committee

B. Quantitative Disclosure

(₹ in million)

Particulars		Currency Derivatives March 31, 2022	Interest Rate Derivatives March 31, 2022
(i)	Derivatives (Notional Principal Amount) For hedging	3,630.75	-
(ii)	Marked to Market Positions		
	(a) Assets (+)	-	-
	(b) Liability (-)	50.58	-
(iii)	Credit Exposure	-	-
(iv)	Unhedged Exposures	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	Currency Derivatives	Interest Rate Derivatives
	March 31, 2021	March 31, 2021
(i) Derivatives (Notional Principal Amount) For hedging	3,630.75	-
(ii) Marked to Market Positions		
(a) Assets (+)	-	-
(b) Liability (-)	292.08	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

V) Details on Securitization

a) Securitization transactions under SPV Structure sponsored by HFC

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
1) No of SPVs sponsored by the HFC for securitization transactions	9	9
2) Total amount of securitized assets as per books of the SPVs sponsored	4,169.52	5,374.26
3) Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
I) Off-balance sheet exposures towards Credit Enhancements	-	-
II) On-balance sheet exposures towards Credit Enhancements	1,482.72	1,437.69
4) Amount of exposures to securitization transactions other than MRR		
I) Off-balance sheet exposures towards Credit Enhancements		
(a) Exposure to own securitizations	-	-
b) Exposure to third party securitizations	-	-
II) On-balance sheet exposures towards Credit Enhancements		
(a) Exposure to own securitizations	474.00	462.87
(b) Exposure to third party securitizations	-	-

b) Details of Financial Assets sold to Securitization/Reconstruction Company for Asset Reconstruction

(₹ in million)

Particulars	2021-22	2020-21
(i) No. of accounts	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/(loss) over net book value	-	-

c) Details of Assignment transactions undertaken

(₹ in million)

Particulars	2021-22	2020-21
(i) No. of accounts	17,087	10,967
(ii) Aggregate value (net of provisions) of accounts assigned	24,710.22	14,887.13
(iii) Aggregate consideration	24,710.22	14,887.13
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

d) Details of non-performing financial assets purchased/sold

Details of non-performing financial assets purchased

(₹ in million)

Particulars	2021-22	2020-21
1) (a) No. of accounts purchased during the year	-	-
(b) Aggregate outstanding	-	-
2) (a) Of these, number of accounts restructured during the year	-	-
(b) Aggregate outstanding	-	-

Details of non-performing financial assets sold

(₹ in million)

Particulars	2021-22	2020-21
(i) No. of accounts sold	-	-
(ii) Aggregate outstanding	-	-
(iii) Aggregate consideration received	-	-

VI) Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

(₹ in million)

Particulars	1 day to 7 days (one month)	8 day to 15 days (one month)	15 day to 30/31 days (one month)	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Borrowings from Bank	23.63	24.05	304.18	1,165.55	4,101.97	6,925.46	13,300.22	36,535.23	21,055.20	22,108.15	**105,543.64**
	(709.87)	-	(526.75)	(4,716.98)	(2,748.85)	(8,119.68)	(11,655.58)	(34,941.73)	(14,992.51)	(17,075.94)	**(95,487.89)**
Market Borrowing	400.50	-	477.24	374.17	770.51	1,137.67	161.63	4,121.02	2,125.87	23,188.10	**32,756.71**
	(434.80)	(83.44)	(684.22)	(1,299.68)	(2,197.30)	(5,460.25)	(2,658.42)	(3,154.63)	(3,613.64)	(11,260.89)	**(30,847.27)**
Foreign Currency Liabilities	-	-	-	117.31	-	-	-	3,788.39	-	-	**3,905.70**
	-	-	-	(116.38)	-	-	-	(3,650.89)	-	-	**(3,767.27)**
Assets											
Advances	865.40	756.36	3,704.96	2,770.44	2,941.12	5,749.02	6,054.50	44,727.90	25,687.47	59,742.04	**152,999.21**
	(861.28)	(693.14)	(4,094.22)	(2,744.67)	(2,747.76)	(7,406.85)	(13,590.95)	(44,229.94)	(25,045.16)	(44,374.71)	**(145,788.68)**
Investments	0.54	0.48	0.91	1.74	1.85	3.61	3.84	1,468.09	16.91	2,334.66	**3,832.63**
	(0.17)	(0.17)	-	(0.34)	(0.34)	(1.04)	(2.16)	(9.59)	(10.83)	(1,647.55)	**(1,672.19)**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**

Computation of ALM is based on Management estimation of future inflows and outflows and not subjected to audit by auditors.
Figures in Brackets represents previous year's figures.

Maturity pattern of Advances disclosed above are based on behavioral maturity pattern.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

VII) Exposure

a) Exposure to Real Estate Market

(₹ in million)

Category		March 31, 2022	March 31, 2021
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;	148,124.03	138,854.54
(ii)	**Commercial Real Estate-**		
	Lending secured by mortgages on commercial real estate's (office buildings retail space multipurpose commercial premises multi-family residential buildings multi-tenanted commercial premises industrial or warehouse space hotels land acquisition development and construction etc.).Exposure would also include non-fund based(NFB)limits;	10,666.23	11,619.26
(iii)	**Investments in Mortgage Backed Securities(MBS) and other securitized exposures-**		
a.	Residential	95.91	125.97
b.	Commercial Real Estate	-	-
b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank(NHB) and Housing Finance Companies(HFCs)	-	-

Exposure includes amount outstanding including principal, and interest accrued.

b) Exposure to Capital Market

(₹ in million)

Category		March 31, 2022	March 31, 2021
i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
ii)	advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances	-	-
v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi)	loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii)	bridge loans to companies against expected equity flows/issues;	-	-
viii)	All exposures to Venture Capital Funds/Alternate Investment Funds (both registered and unregistered)	1,440.00	-

Note: Investments are shown as net of provision for mark to market.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

c) **Details of financing of parent company products:** The Company does not have any exposure in financing of parent company products

d) **Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the HFC:** The Company has not exceeded the SGL and GBL Limits.

e) **Unsecured Advances:** The Company does not have any unsecured advances in the form of rights, licenses, authorizations, etc. that are charged as collateral for the purposes of financing. The Company does not have any unsecured advances other than those mentioned in Note 7.

f) **Exposure to group companies engaged in real estate business**

(₹ in million)

Description	March 31, 2022	March 31, 2021
i) Exposure to any single entity in a group engaged in real estate business	-	-
ii) Exposure to all entities in a group engaged in real estate business	-	-

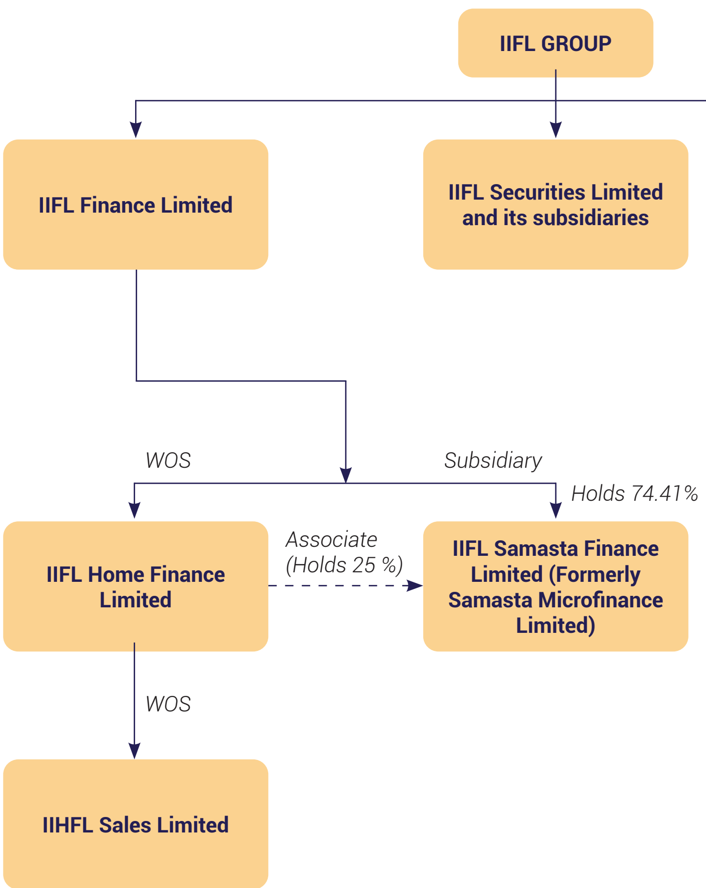
44.4. Miscellaneous

I) **Details of registration obtained from other financial regulators:** The Company is acting as corporate agent for general insurance business. It has obtained license from Insurance Regulatory and Development Authority of India (IRDA) (Registration Number CA0453).

II) **Penalties imposed by NHB or any other regulators:** No penalties were imposed during the year.

III) **Related Party Transactions:** Related party transaction details have been disclosed under Note 41.

IV) **Group Structure as on March 31, 2022:**



*Wholly Owned Subsidiary (WOS)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

V) Note on Rating assigned by Credit Rating Agencies and migration of rating during the year

a) Ratings Assigned by Credit Rating Agencies as at March 31, 2022

(₹ in million)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
Total Bank Loan Facilities Rated	CRISIL Limited	CRISIL AA/Stable reaffirmed	60,000.00
Long Term Principal Protected Market Linked Debentures	CRISIL Limited	CRISIL PP-MLD AAr/ Stable reaffirmed	3,000.00
Principal Protected Market Linked Non-Convertible Subordinated Debentures	CRISIL Limited	CRISIL PP-MLD AAr/ Stable reaffirmed	2,000.00
Non Convertible Debentures	CRISIL Limited	CRISIL AA/Stable reaffirmed	71,520.00
Commercial Paper	CRISIL Limited	CRISIL A1+ reaffirmed	50,000.00
Commercial Paper Program	ICRA Limited	[ICRA]A1+ reaffirmed	50,000.00
Non-convertible Debenture Program	ICRA Limited	[ICRA]AA/Reaffirmed Stable	28,550.00
Subordinated Debt program	ICRA Limited	[ICRA]AA/Reaffirmed Stable	3,730.00
Long Term Fund Based Bank Lines Program	ICRA Limited	[ICRA]AA/Reaffirmed Stable	50,000.00
Long term principal protected market linked debenture program	ICRA Limited	PP-MLD[ICRA]AA/ Reaffirmed Stable	2,000.00
Non-Convertible Debentures (NCD)	CARE Ratings	CARE AA; Stable	220.00
Secured NCD	Brickwork Ratings	BWR AA+/Negative Reaffirmed	150.00
Unsecured Subordinated NCDs	Brickwork Ratings	BWR AA+/Negative Reaffirmed	2,700.00
NCDs	Brickwork Ratings	BWR AA+/Negative Reaffirmed	50,000.00

b) Details of Migration of Ratings during the 2021-22

(₹ in million)

Instrument	Name of the Rating Agency	Amount Rated	Rating in 2021-22	Rating in 2020-21
Non-Convertible Debentures (NCD)	CARE Ratings	220.00	CARE AA; Stable [Double A; Outlook: Stable]	CARE AA; Negative [Double A; Outlook: Negative]
Non-convertible Debenture Program	ICRA Limited	28,550.00	[ICRA]AA/ Reaffirmed Stable	[ICRA]AA/ Reaffirmed Negative
Subordinated Debt program	ICRA Limited	3,730.00	[ICRA]AA/ Reaffirmed Stable	[ICRA]AA/ Reaffirmed Negative
Long Term Fund Based Bank Lines Program	ICRA Limited	50,000.00	[ICRA]AA/ Reaffirmed Stable	[ICRA]AA/ Reaffirmed Negative
Long term principal protected market linked debenture program	ICRA Limited	2,000.00	PP-MLD[ICRA]AA/ Reaffirmed Stable	PP-MLD[ICRA]AA/ Reaffirmed Negative

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

a) Ratings Assigned by Credit Rating Agencies as at March 31, 2021

(₹ in million)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
Non Convertible Debentures	CRISIL Limited	CRISIL AA/Stable reaffirmed	21,520.00
Subordinated Debt	CRISIL Limited	CRISIL AA/Stable	2,000.00
Principal Protected Market Linked Non-Convertible Subordinated Debentures	CRISIL Limited	CRISIL PP-MLD AAr/ Stable reaffirmed	2,000.00
Long Term Principal Protected Market Linked Debentures	CRISIL Limited	CRISIL PP-MLD AAr/ Stable reaffirmed	3,000.00
Total Bank Loan Facilities Rated	CRISIL Limited	CRISIL AA/Stable reaffirmed	60,000.00
Commercial Paper	CRISIL Limited	CRISIL A1+ reaffirmed	50,000.00
Commercial Paper Program	ICRA Limited	[ICRA]A1+ reaffirmed	50,000.00
Non-convertible Debenture Program	ICRA Limited	[ICRA]AA/Negative reaffirmed	32,640.00
Subordinate Debt program	ICRA Limited	[ICRA]AA/Negative reaffirmed	4,000.00
Long Term Fund Based Bank Lines Program	ICRA Limited	[ICRA]AA/Negative reaffirmed	50,000.00
Long term principal protected market linked debenture program	ICRA Limited	PP-MLD[ICRA]AA/ Negative Reaffirmed	2,000.00
Non-Convertible Debentures (NCD)	CARE Ratings	CARE AA; Negative [Double A; Outlook: Negative]	220.00
Unsecured Subordinated NCDs	Brickwork Ratings	BWR AA+ 'Negative'	1,000.00
Subordinated NCDs	Brickwork Ratings	BWR AA+ 'Negative'	2,350.00
Secured NCDs	Brickwork Ratings	BWR AA+ 'Negative'	250.00

b) Details of Migration of Ratings during the 2020-21

(₹ in million)

Instrument	Name of the Rating Agency	Amount Rated	Rating in 2020-21	Rating in 2019-20
Non-Convertible Debentures (NCD)	CARE Ratings	220.00	CARE AA; Negative [Double A; Outlook: Negative]	CARE AA; Stable [Double A; Outlook: Stable]

VI) Remuneration of Non-Executive Directors

(₹ in million)

Name of Directors	Remuneration Paid 2021-22	Remuneration Paid 2020-21
Mr. Kranti Sinha	1.68	1.57
Mr. S. Sridhar	1.97	1.69
Ms. Suvalaxmi Chakraborty	0.15	1.48
Mr. AK Purwar	0.31	0.33
Ms. Mohua Mukherjee	0.79	-

VII) Management : Refer the Management Discussion and Analysis section

VIII) Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no impact in the profit and loss on account of prior period items on the current year profit and loss. For any change in accounting policies refer Significant Accounting Policies Note 3.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

IX) **Revenue Recognition :** No revenue recognition has been postponed pending the resolution of significant uncertainties

X) **Applicability of Consolidation of Financial Statements:** Refer to the Consolidated Financial Statements for the relevant disclosures.

44.5.Additional Disclosures

I) **Details on Provisions and Contingencies**

a) **Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account**

(₹ in million)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2021-22	2020-21
Provisions for depreciation on Investment*	3.75	4.79
Provision made towards Income tax	1,679.68	1,088.89
Provision towards NPA	475.71	918.96
Provision for Standard Assets	**550.44**	**1,702.11**
CRE – Residential	(44.67)	45.92
CRE – Others	11.61	(32.67)
Others	583.50	1,688.86

*Includes depreciation on Investment Property.

b) **Break up of Loans and Advances and Provisions thereon**

(₹ in million)

Breakup of Loans and Advances and Provisions thereon	Housing		Non-Housing	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Standard Assets				
a) Total Outstanding Amount	104,304.59	99,871.14	48,850.54	47,074.87
b) Provisions made	2,099.87	1,836.19	1,402.94	1,155.84
Sub-Standard Assets				
a) Total Outstanding Amount	1,982.06	732.20	1,578.24	975.85
b) Provisions made	682.54	259.84	488.06	474.50
Doubtful Assets - Category I				
a) Total Outstanding Amount	332.68	577.30	692.96	445.27
b) Provisions made	196.88	254.19	309.01	247.11
Doubtful Assets - Category II				
a) Total Outstanding Amount	352.37	369.99	467.92	273.66
b) Provisions made	273.56	184.40	195.15	173.73
Doubtful Assets - Category III				
a) Total Outstanding Amount	55.06	69.59	173.83	83.92
b) Provisions made	51.54	42.91	90.69	55.47
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total Outstanding Amount	**107,026.76**	**101,620.22**	**51,763.49**	**48,853.57**
b) Provisions Amount	**3,304.39**	**2,577.53**	**2,485.85**	**2,106.65**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

II) Details on drawn drown from reserves

The disclosure pertaining to drawn down from Reserves has been disclosed shown in Other Equity (Refer Note 23).

III) Concentration of Public Deposits, Advances, Exposures and NPAs

a) Concentration of Public Deposits: The Company, being a non-deposit taking housing finance company, does not hold any deposits from public.

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total deposits of twenty largest depositors	-	-
Percentage of deposits of twenty largest depositors to total deposits of the deposit taking HFC	-	-

b) Concentration of Loans and Advances

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Loans and Advances to twenty largest borrowers	8,850.38	10,456.98
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	5.57%	6.95%

c) Concentration of all Exposure (including off-balance sheet exposure)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to twenty largest borrowers/customers	9,544.29	11,261.20
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	5.43%	6.82%

Note: Exposure includes amount outstanding including principal, interest accrued and sanctioned but undisbursed.

d) Concentration of NPAs

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to top ten NPA accounts	775.45	733.45

e) Sector wise NPAs - Percentage of NPAs to Total Advances in that sector

(₹ in million)

Sector	As at March 31, 2022	As at March 31, 2021
A. Housing Loans		
1. Individuals	2.62%	1.82%
2. Builders/Project Loans	-	0.75%
3. Corporates	13.75%	-
4. Others (specify)	-	-
B. Non-Housing Loans		
1. Individuals	5.93%	3.61%
2. Builders/Project Loans	10.01%	4.21%
3. Corporates	3.03%	3.56%
4. Others (specify)	-	-

*Includes interest accrued.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

IV) Movement of NPAs

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
(I) Net NPAs to Net Advances (%)	2.11%	1.24%
(II) Movement of NPAs (Gross)		
a. Opening balance	3,527.79	2,342.73
b. Additions during the year	3,761.60	1,942.60
c. Reductions during the year	(1,654.26)	(757.54)
d. Closing balance	**5,635.13**	**3,527.79**
(III) Movement of NPAs (Net)		
a. Opening balance	1,835.64	1,569.54
b. Additions during the year	2,356.04	793.67
c. Reductions during the year	(843.98)	(527.57)
d. Closing balance	**3,347.70**	**1,835.64**
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a. Opening balance	1,692.15	773.19
b. Provisions made during the year	1,405.56	1,148.93
c. Write-off/write-back of excess provisions	(810.28)	(229.97)
d. Closing balance	**2,287.43**	**1,692.15**

V) Overseas Assets

(₹ in million)

Particulars	2021-22	2020-21
N.A.	N.A.	N.A.

VI) Off-balance Sheet SPVs sponsored which are required to be consolidated as per accounting Norms

Name of the SPV Sponsored	Domestic	Overseas
NA.	N.A.	N.A.

VII) Percentage of outstanding loans granted against the collateral gold jewellery to the outstanding total assets is ₹ Nil. (P.Y. ₹ Nil.)

VIII) Information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries : The Company have operations only in India and does not have any joint venture partners with regard to joint ventures and overseas subsidiaries.

44.6. Disclosure of Complaints

I) Details on Customer Complaints

Particulars	2021-22	2020-21
a) No. of complaints pending at the beginning of the year	33	24
b) No. of complaints received during the year	732	1,108
c) No. of complaints redressed during the year	749	1,099
d) No. of complaints pending at the end of the year	16	33

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

45. Previous Year's figure have been re-grouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

46. These financial statements were authorized for issue by the Company's Board of Directors on April 25, 2022.

For and on behalf of the Board of Directors of
IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: April 25, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of IIFL Home Finance Limited (Formerly Known As India Infoline Housing Finance Limited) on the Audit of the Consolidated Financial Statements

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of **IIFL Home Finance Limited** (hereinafter referred to as "the Holding Company"), and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), and its associate which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and Consolidated statement of Cash Flows for the year then ended, and notes to Consolidated Financial Statements, including a summary of the 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, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary, and associate referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, 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 of the Consolidated Financial Statements in accordance with the Standards on Auditing ("the SAs") specified under sub-section 10 of section 143 of the Act. 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 and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 7.1 to the Consolidated Financial Statements, with respect to the management's evaluation of COVID-19 impact on the future performance of the Group. This assessment and the outcome of the pandemic are made by the management and is highly dependent on the circumstances as they evolve in the subsequent periods. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of reports of other auditors on separate financial statements of subsidiary and associate Companies audited by them, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

A. Key Audit Matters for Holding Company

Key Audit Matter	How the matter was addressed in our audit
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 recognizing impairment loss on financial assets which are stated at amortized cost or carried at fair value through other comprehensive income. The Company	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

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Key Audit Matter	How the matter was addressed in our audit
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 • 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 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 Consolidated Financial Statements, complex nature of assumptions and 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.	• 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
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.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

B. Key Audit Matters for Subsidiary Company - IIHFL Sales Ltd - No key audit matters reported by the Subsidiary Company's auditor for the year ended March 31, 2022

C. Key Audit Matters as reported by the Auditor of the Associate Company i.e. **IIFL Samasta Finance Limited**

Key Audit Matter	How our Audit addressed the Key Audit Matter
1. Expected Credit Loss Refer note 2 (c) of significant accounting policies and note 40 for credit disclosures of Audited Standalone Financial Statement of IIFL Samasta Finance Limited. As at 31 March 2022, the Company has total gross loan assets of Rs.5,772.72 crore (2021: Rs. 4,116.78 crore)) against which an Expected Credit Loss ('ECL') of Rs. 254.80 crore (2021 Rs. 155.44 crore) 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. 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 required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.	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 • 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.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Key Audit Matter	How our Audit addressed the Key Audit Matter
2. Identification and Measurement of NPA:	
As per RBI's circular dated November 12, 2021 read with earlier circular dated October 1, 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.

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

The Holding Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements and Consolidated Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the other information, 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 (Revised) "The Auditor's Responsibilities Relating to Other Information".

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in sub-section 5 of section 134 of the Act with respect to preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, total consolidated comprehensive income, consolidated changes in equity and consolidated cash flows of the Group and its Associate in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Companies (Indian Accounting standard) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates 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 Consolidated 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 management and Board of Directors of the companies included in the Group and its associate is responsible for assessing the ability of the Group and its associate 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 Group and its associate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies

INDEPENDENT AUDITOR'S REPORT (CONTD.)

included in the Group and its associate is responsible for overseeing the financial reporting process of the Group and its associate.

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:

i. 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.

ii. Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act,2013, we are also responsible for expressing our opinion on whether the whether the Group and its associate which are companies incorporated in India, have adequate internal financial controls in place and the operating effectiveness of such controls.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv. 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 and its associates 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 and its associates to cease to continue as a going concern.

v. 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.

vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate 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 financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' 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.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Other Matter

a) Consolidated financial statements includes total assets of Rs. 127.67 million as at March 31, 2022, total revenues of Rs. 10.30 million, total profit before tax of Rs. 37.83 million, total profit after tax of Rs. 27.89 million and net cash inflows amounting to Rs. 8.92 million, respectively of a subsidiary for the year ended on that date. These financial statements/ results have been audited by one of the Joint Auditors i.e. M. P. Chitale & Co. whose reports have been furnished to other Joint Auditor i.e. Suresh Surana and Associates LLP by the Management and their opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, is solely based on the reports of one of the Joint Auditors i.e. M. P. Chitale & Co.

b) The Consolidated Financial Statements also include the Group's share of net profit after tax and total comprehensive income of Rs. 126.51 million and Rs. 124.44 million, respectively for the year ended March 31, 2022, as considered in the Consolidated Financial Statements, in respect of one associate, whose financial statements have been audited by other auditors whose report 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 the associate, and our report in terms of sub-sections (3) of Section 143 of the Act, is solely based on the reports of other auditors included in respect of aforesaid associate.

c) 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 (a) and (b) with respect to our reliance on the work done and the reports of the other auditors.

d) The Holding Company has prepared and presented Consolidated Financial Statements for the first time in FY 2021-22. Hence, previous year comparatives are not available and not presented. Further, Amounts appearing in Consolidated Statement of cash flows for FY 2021-22 are compiled based on unaudited opening cash and cash equivalents as at April 01, 2021, which is neither audited nor reviewed by statutory auditors. Our opinion on the Consolidated Financial Statements is not modified in respect of the above matter.

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 reports of the other auditors on separate financial statements of such subsidiary and associate as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

   b. in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the 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 relevant Companies (Indian Accounting Standards) Rule, 2015 as amended; ;

   e. on the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associates, none of the directors of the Group and its associate is disqualified as on March 31, 2022 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 Group and its associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the

INDEPENDENT AUDITOR'S REPORT (CONTD.)

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 Group and its associate to its directors, including sitting fees paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act;

2. 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 reports of the other auditors on separate financial statements of the subsidiary and associates, as noted in the 'Other Matters' paragraph:

   i. the Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 36(b) 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 companies included in the Group and of its associate.

   iv. (a) The respective Management of the companies included in the Group and of its associate have represented that, to the best of their knowledge and belief, as disclosed in the note 38B i.(i) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the companies included in the Group and of its associate 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 companies included in the Group and of its associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) The respective Management of the companies included in the Group and of its associate have represented, that, to the best of their knowledge and belief, as disclosed in the note 38B i.(ii) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the companies included in the Group and of its associate from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the companies included in the Group and of its associate 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;

   (c) Based on the audit procedures that have been 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

   v. (a) The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013.

   (b) The Subsidiary Company has neither declared dividend nor paid during the year.

   (c) The Board of Directors of the Associate Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting of the Associate Company. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

3. With respect to respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given

INDEPENDENT AUDITOR'S REPORT (CONTD.)

to us, and based on the CARO reports issued by us for the Company, its subsidiary issued by one of the joint auditors and its associates issued by other auditors included in the consolidated financial statements 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 below.

Sr. No.	Name	CIN	Holding Company/ Subsidiary/Associates/ Joint Venture	Clause Number of the CARO report which is qualified or adverse
1	IIFL Samasta Finance Limited	U65191KAl 995PLC057884	Associates	(xi) (a)

For **Suresh Surana and Associates LLP**
Chartered Accountants
Firm Regn. No. 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 22102306AHUECY8663

For M.P. Chitale & Co.
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 22145160AHUEIT3278

Place: Mumbai
Date: April 25, 2022

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

(Referred to In Paragraph 1 (F) under 'Report on other Legal and Regulatory Requirements' Section of our Report to the Members of IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited) of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (I) of Sub-Section (3) of Section 143 of the Companies Act, 2013 (The 'Act')

In conjunction with our audit of the Consolidated Financial Statements of **IIFL Home Finance Limited** (hereinafter referred to as "the Holding Company"), as of and for the year ended 31 March 2022, we have audited the internal financial controls over financial reporting of the Company, its subsidiary and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective management and Board of Directors of the Holding Company, its subsidiary and its associate, which are the companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial reporting of the Holding Company, its subsidiary and its associate companies, which are the companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under sub-section 10 of section 143 of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. 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 with reference to 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 with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to Consolidated Financial Statements, 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 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 with reference to financial reporting of the Holding Company, its subsidiary and its associate company, which are the companies incorporated in India.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with Reference to Consolidated Financial Statements

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT (CONTD.)

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements 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 and to the best of our information and according to the explanations given to us and based on consideration of reporting of the other auditors as mentioned in the Other Matters paragraph below, the Holding Company, its subsidiary and its associate company , which are the companies incorporated in India have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial reporting these Consolidated Financial Statements, in so far as it relates to one subsidiary and one associates is based on the corresponding reports of the auditors of such companies. incorporated in India.

For **Suresh Surana and Associates LLP**
Chartered Accountants
Firm Regn. No. 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 22102306AHUECY8663

For M.P. Chitale & Co.
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 22145160AHUEIT3278

Place: Mumbai
Date: April 25, 2022

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2022

(₹ in million)

Particulars	Note No.	As at March 31, 2022
ASSETS		
(1) Financial Assets		
(a) Cash and cash equivalents	4A	13,996.22
(b) Bank balance other than (a) above	4B	4,332.94
(c) Receivables	6	
(I) Trade receivables		369.10
(d) Loans	7	152,902.21
(e) Investments	8	4,034.12
(f) Other financial assets	9	3,578.17
(2) Non-financial Assets		
(a) Current tax assets (net)		55.06
(b) Deferred tax assets (net)	10	641.97
(c) Investment Property	11A	66.30
(d) Property, plant and equipment	11B	65.74
(e) Right of use assets	12A	235.39
(f) Other intangible assets	12B	1.82
(g) Other non-financial assets	13	47.74
(h) Assets held for sale	14	96.99
Total Assets		**180,423.77**
LIABILITIES AND EQUITY		
(1) Financial Liabilities		
(a) Derivative financial instruments	5	50.58
(b) Payables	15	
(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		509.40
(c) Finance Lease Obligation	12A	256.37
(d) Debt securities	16	22,179.86
(e) Borrowings (other than debt securities)	17	109,449.34
(f) Subordinated liabilities	18	10,576.86
(g) Other financial liabilities	19	9,444.46
(2) Non-financial Liabilities		
(a) Current tax liabilities (net)		262.54
(b) Provisions	20	142.66
(c) Other non-financial liabilities	21	514.80
(3) Equity		
(a) Equity share capital	22	209.68
(b) Other equity	23	26,827.22
(c) Non-controlling interest		-
Total liabilities and equity		**180,423.77**
See accompanying notes forming part of the financial statements	1-45	

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner
Place: Mumbai

For Suresh Surana & Associates LLP
Chartered Accountants

Ramesh Gupta
Partner
Place: Mumbai

Date: April 25, 2022

For and on behalf of the Board of Directors of IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

	Particulars	Note No.	2021-22
	REVENUE FROM OPERATIONS		
	(i) Interest income	24	18,767.81
	(ii) Fees and commission income	25	769.56
	(iii) Net gain on fair value changes	26	63.16
	(iv) Net gain on derecognition of financial instruments under amortized cost category	27	109.24
	(v) Net gain on derecognition of financial instruments under FVTOCI	28	1,158.76
	(vi) Net gain on modification of financial instruments under amortized cost category		2.59
(I)	**TOTAL REVENUE FROM OPERATIONS**		**20,871.12**
(II)	**OTHER INCOME**	29	1,418.14
(III)	**TOTAL INCOME (I+II)**		**22,289.26**
	EXPENSES		
	(i) Finance costs	30	10,626.41
	(ii) Impairment on financial instruments, including write-offs	31	1,599.99
	(iii) Employee benefits expenses	32	1,741.82
	(iv) Depreciation, amortization and impairment	11A-12B	74.13
	(v) Other expenses	33	749.45
(IV)	**TOTAL EXPENSES**		**14,791.80**
(V)	**PROFIT/(LOSS) BEFORE TAX AND SHARE OF PROFIT/(LOSS) OF ASSOCIATE (III-IV)**		**7,497.46**
(VI)	**PROFIT/(LOSS) FROM ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD**		**126.51**
(VII)	**PROFIT BEFORE TAX (V +VI)**		**7,623.97**
(VIII)	**TAX EXPENSES:**		
	(i) Current tax	34	1,712.00
	(ii) Deferred tax	10	(35.68)
	(iii) Tax of earlier years	34	13.30
	Total Tax Expenses		**1,689.62**
(IX)	**PROFIT FOR THE YEAR (VII-VIII)**		**5,934.35**
(X)	**OTHER COMPREHENSIVE INCOME**		
	A (i) Items that will not be reclassified to profit or loss		
	(a) Remeasurement of defined benefit liabilities/(assets)		1.11
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.28)
	(iii) Share of Other Comprehensive Income of an Associate		(2.07)
	Subtotal (A)		**(1.24)**
	B (i) Items that will be reclassified to profit or loss		
	(a) Cash Flow Hedge (net)		128.35
	(b) Fair value of loans carried at FVTOCI		136.52
	(ii) Income tax relating to items that will be reclassified to profit or loss		(66.66)
	Subtotal (B)		**198.21**
	Other Comprehensive Income (A+B)		**196.97**
(XI)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)**		**6,131.32**
	Profit for the period attributable to:		
	Shareholders of the Company		5,934.35
	Non controlling interest		-
	Other Comprehensive Income for the period attributable to:		
	Shareholders of the Company		196.97
	Non controlling interest		-
	Total Comprehensive Income for the period attributable to:		
	Shareholders of the Company		6,131.32
	Non controlling interest		-
(XII)	**EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH**	35	
	Basic (₹)		283.02
	Diluted (₹)		283.02
	See accompanying notes forming part of the financial statements	1-45	

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner
Place: Mumbai

For Suresh Surana & Associates LLP
Chartered Accountants

Ramesh Gupta
Partner
Place: Mumbai

Date: April 25, 2022

For and on behalf of the Board of Directors of IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2022

A. EQUITY SHARE CAPITAL

1. As at March 31, 2022

(₹ in million)

Balance at the beginning of the current reporting year	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting year	Changes in equity share capital during the current year	Balance at the end of the current reporting year
209.68	-	-	-	209.68

B. OTHER EQUITY

1. As at March 31, 2022

(₹ in million)

Particulars	Reserves and Surplus						Other Comprehensive Income		Total	Non-Controlling Interest
	Capital Reserve	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Retained Earnings	Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI		
Balance at the beginning of the current reporting year	**13.49**	**7,991.57**	**1,438.60**	**2,873.70**	**9,186.35**	**(6.69)**	**(166.36)**	**(5.72)**	**21,324.94**	**-**
Profit for the year	-	-	-	-	5,934.35	-	-	-	5,934.35	-
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 1)	-	-	-	-	-	-	96.05	-	96.05	-
Remeasurement of defined benefit (Net of Tax) (Refer Note 2)	-	-	-	-	-	(1.24)	-	-	(1.24)	-
Equity Dividend (Refer Note 3)	-	-	-	-	(629.05)	-	-	-	(629.05)	-
Transfer to Special Reserve (Refer Note 4)	-	-	-	1,156.00	(1,156.00)	-	-	-	-	-
Fair value of loans carried at FVTOCI	-	-	-	-	-	-	-	102.17	102.17	-
Balance at the end of the Current reporting year	**13.49**	**7,991.57**	**1,438.60**	**4,029.70**	**13,335.65**	**(7.93)**	**(70.31)**	**96.45**	**26,827.22**	**-**

1. The amount refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
2. The amount 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.
3. During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 30 per equity share.
4. As per Section 29C(1) of National Housing Bank Act 1987, the Company is required to transfer at least 20% of its Net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act,1961 is considered to be an eligible transfer.

See accompanying notes forming part of financial statement

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner
Place: Mumbai

For Suresh Surana & Associates LLP
Chartered Accountants

Ramesh Gupta
Partner
Place: Mumbai

Date: April 25, 2022

For and on behalf of the Board of Directors of IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	Note No.	2021-22
CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX		**7,623.97**
ADJUSTMENTS FOR:		
Depreciation, amortization and impairment		74.13
Impairment on financial instruments - loans		1,051.60
Interest expense		10,626.41
Interest on Loans		(18,767.81)
Net gain on derecognition of financial instruments		(1,229.72)
Net (gain)/loss on fair value changes		(63.16)
Net (gain)/loss on Sale of assets		0.31
Profit from associate		(126.51)
Interest paid		(12,187.71)
(Gain)/Loss on Modification		(2.59)
Interest received		18,994.82
Operating Profit before Working Capital changes		**5,993.74**
CHANGES IN WORKING CAPITAL:		
Adjustments for (increase)/decrease in Other Financial assets		(199.83)
Adjustments for (increase)/decrease in Trade Receivables		(63.52)
Adjustments for (increase)/decrease in Other Non Financial assets		(15.84)
Adjustments for (increase)/decrease in Assets held for sale		42.47
Adjustments for (increase)/decrease in Balances with banks - Lien marked		(37.20)
Adjustments for increase/(decrease) in Trade Payables		157.81
Adjustments for increase/(decrease) in Other financial liabilities		3,590.57
Adjustments for increase/(decrease) in Other non-financial liabilities		(618.81)
Adjustments for increase/(decrease) in Provisions		22.88
Operating Profit after Working Capital changes		**8,872.27**
Direct Taxes Paid (Refer note below)		(1,658.38)
Cash generated from/(used in) Operations		**7,213.89**
Loans (disbursed)/repaid (net)		(8,208.23)
Net cash generated from/(used in) Operating Activities (A)		**(994.34)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		(71.58)
Sale of fixed assets		4.64
Fixed deposits placed		(17,844.97)
Fixed deposits matured		17,986.20
Purchase of investments		(241,493.00)
Proceeds from sale of investments		239,396.23
Net Cash used in Investing Activities (B)		**(2,022.48)**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	Note No.	2021-22
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid		(629.05)
Proceeds from Borrowings		43,418.40
Repayment of Borrowings		(38,517.96)
Proceeds from issue of Debt and Sub-Ordinated Debt Securities		19,004.53
Repayment of Debt and Sub-Ordinated Debt Securities		(10,342.48)
Payment of interest on lease liabilities		(13.78)
Payment of lease liabilities		(29.89)
Net Cash from/(used in) Financing Activities (C)		**12,889.77**
Net increase in cash and cash equivalents (A+B+C)		**9,872.95**
Cash and cash equivalents as at the beginning of the year		4,123.27
Cash and cash equivalents as at the end of the year		**13,996.22**
See accompanying notes forming part of the financial statements	1-45	

Note: As direct tax paid above is not specifically identifiable into financing and investing activities, they have been shown under operating activities.

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

Harnish Shah
Partner
Place: Mumbai

Date: April 25, 2022

For Suresh Surana & Associates LLP
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Ramesh Gupta
Partner
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For and on behalf of the Board of Directors of IIFL Home Finance Limited

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Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE 1. CORPORATE INFORMATION

(a) Company overview

IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited) ("IIFL HFL"/"the Company") (CIN No. U65993MH2006PLC166475), is a wholly owned subsidiary of IIFL Finance Limited (formerly known as IIFL Holdings Limited). IIFL HFL received a Certificate of Registration from the National Housing Bank ("NHB") in February 2009 to carry on the business of a housing finance institution. IIFL HFL offers housing finance in line with 'The Housing Finance Companies (NHB) Directions, 2010' ("NHB Directions") and RBI Master Direction - Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended from time to time. The redeemable and Non-Convertible debentures of the Company are listed on National Stock Exchange (NSE).

NOTE 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

(a) Statement of compliance

The Consolidated financial statements of IIFL Home Finance Limited ("the Company") and its subsidiary/ associates (together hereinafter referred to as "the Group") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 ("the Act") and the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the guidelines issued by the National Housing Bank ("NHB") and Reserve Bank of India (RBI) to the extent applicable and the relevant provisions of the Act.

(b) Basis of Preparation

The Consolidated financial statements of the Group 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").

i. Control and Significant Influence

Control is achieved when the Company has all the following:

- 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

Significant Influence

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies

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").

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 financial statements of the subsidiary and associate companies used in the consolidation are drawn up to the same reporting date as that of the Group, March 31, 2022.

D. The consolidated financial statements of the Group with subsidiary 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. The investment in associate is accounted for using the equity method of accounting in consolidated financial statement. Under the equity method, the investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates. Dividend received from associates is recognized as reduction in the carrying amount of the investments.

F. The excess of cost to the Group of its investments in the subsidiary and associate companies over its share of equity of the subsidiary and associate companies, at the dates on which the investments in the subsidiary and associate companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary and associate 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.

iii. List of subsidiary and associate consolidated

Name of the entity	Relationship	Date of Control/ Significant influence	Proportion of Ownership Interest (%) As at March 31, 2022
IIHFL Sales Limited	Subsidiary	September 28, 2021	100%
IIFL Samasta Finance Limited (formerly Samasta Microfinance Limited)	Associate	June 19, 2020	25%

(c) Presentation of financial statements

The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Consolidated 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 Consolidated Balance Sheet and Consolidated 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 NHB and RBI. The Group presents its Consolidated Balance Sheet in the order of liquidity.

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to million except when otherwise stated.

(d) Basis of measurements

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair value.

A historical cost is a measure of value used in accounting in which the price of an asset on the consolidated balance sheet is based on its nominal or original cost when acquired by the Company.

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 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 observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

(e) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Indian Accounting Standards (Ind AS) requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

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.

i. Evaluation of Business Model

Classification and measurement of financial instruments depends on the results of the solely payments of principal and interest on the principal amount outstanding ("SPPI") and the business model test. The Group determines the business model at a level that reflects how the Group's financial instruments are managed together to achieve a particular business objective.

The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

ii. Determination of Expected Credit Loss ("ECL")

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows based on Group's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Group's criteria for assessing if there has been a significant increase in credit risk.
- Development of ECL models, including choice of inputs/assumptions used.

iii. Effective interest rate computation

Computation of effective interest rate involves significant estimates and judgements with respect to expected loan tenure (period within which all cash flows pertaining to such financial instruments are expected to be received), nature and timings of such estimated cashflows considering the contractual terms of the financial instrument. These estimations are done considering various factors such as historical behaviour patterns of the instrument with respect to average repayment period and cash flows behaviours. Such estimates and assumptions are reviewed by the Group at each reporting date and changes, if any are given effect to.

iv. Fair Value Measurements

In case of financial assets and financial liabilities recorded or disclosed in consolidated financial statements the Group uses the quoted prices in active markets for identical assets or based on inputs which are observable either directly or indirectly for determining the fair value. However in certain cases, the Group adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Group has applied appropriate valuation techniques and inputs to the valuation model.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

v. Taxes

The Group's tax jurisdiction is in India. Significant judgements are involved in determining the provision for direct and indirect taxes, including amount expected to be paid/recovered for certain tax positions.

vi. Provisions and Liabilities

Provisions and liabilities are recognized in the period when they become probable that there will be an outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires judgment to existing facts and circumstances which may be subject to change.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

vii. Defined Benefit Plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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.

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.

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 contractual terms of the instrument.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

Penal Interest are recognized as income only when revenue is virtually certain which generally coincides with receipts.

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 Consolidated 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 Group's Consolidated 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.

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 Income

Other income 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 cost of acquisition (net of tax), if any, less accumulated depreciation and cumulative impairment losses (if any). Cost includes freight, duties, taxes and expenses incidental to acquisition and installation.

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.

For transition to Ind AS, the Group has elected to adopt as deemed cost, the opening written down value as per Previous GAAP on the transition date of April 1, 2017.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statement of Profit and Loss.

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.

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 Consolidated Statement of Profit and Loss when the asset is derecognized.

Intangible assets not ready for the intended use on the date of Consolidated Balance Sheet are disclosed as "Intangible assets under development".

(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 Consolidated Statement of Profit or Loss in the period in which the Investment property is derecognized.

(e) Depreciation and Amortization

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 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 as per Schedule II Companies Act	Useful life as per Group
Investment property Real Estate*	60 years/30 years	20 years
Computers	3 years	3 years
Office equipment	5 years	5 years
Electrical Equipment*	10 years	5 years
Furniture and fixtures*	10 years	5 years
Vehicles*	8 years	5 years

*For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

Depreciation and amortization on impaired asset is provided on the revised carrying amount of the asset over its remaining useful life.

(f) Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

The Group repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets physically acquired by the Group under SARFASI Act, 2002 and sale is highly probable has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Group is committed to sell these assets. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(g) Impairment of Assets other than financials assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

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 Consolidated Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Consolidated Statement of Profit and Loss.

(h) Employee benefits

i. Defined contribution plans

The Group's contribution towards Provident Fund, Family Pension Fund and ESIC 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 Consolidated Statement of Profit and loss.

ii. 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.

Postemployment 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 Consolidated 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 Consolidated 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

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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) 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 consolidated 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 consolidated 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 consolidated statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

(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 consolidated financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are generally recognized for all taxable temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognized and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognized outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Current and deferred tax for the year

Current and deferred tax are recognized in the Consolidated Statement of profit or 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

Recognition and Initial Measurement

Financial assets and financial liabilities are recognized in the Group's Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Purchase and sale of financial assets are recognized on the trade date, which is the date on which 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 Consolidated Statement of Profit and Loss.

Financial assets

Classification and Subsequent 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, specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost.

Financial Assets 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 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,

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

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 Consolidated Statement of profit or 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 Consolidated Statement of Profit or Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

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 Consolidated Statement of Profit and Loss. The gain or loss on disposal is recognized in the Consolidated Statement of Profit and Loss.

Interest income is recognized in the Consolidated Statement of Profit and Loss for FVTPL debt instruments.

All equity investments in scope of Ind AS 109 are measured at fair value are classified as at FVTPL. The Group may make an irrevocable election to present certain equity investments measured at fair value through other comprehensive income. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Group may transfer the cumulative gain or loss within equity.

Reclassifications

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

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Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in Consolidated Statement of Profit and Loss.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Consolidated Statement of Profit and Loss at the reclassification date.

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.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group has established a policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognized, the Group recognizes an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown an increase in credit risk since origination, the Group records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans shows significant increase in credit risk and/or are considered credit-impaired, the Group records an allowance for the life time expected credit losses.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. This expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Key elements of ECL computation are outlined below:

- Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

- 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. PD is calculated based on historical default rate summary of past years using historical analysis.
- Loss given default ("LGD") estimates the normalized loss which Group incurs post customer default. It is computed using historical loss and recovery experience. It is usually expressed as a percentage of the Exposure at default ("EAD").

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. If there has been a significant increase in credit risk the Group measures the loss allowance based on lifetime rather than 12-month ECL. 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.

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 is based on both qualitative and quantitative indicators such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

Modification and de-recognition 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 assesses whether this modification results in derecognition. In accordance with the Group'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 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 Consolidated 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 Consolidated Statement of Profit and Loss.

Assignment transactions

Transfer of loans through assignment transaction can be made only after continuing involvement in loans i.e retaining a minimum specific percentage of loan but without retaining any substantial risk and reward in the loan assigned. The assigned portion of loans is derecognized and gains/losses are accounted for, only if the Group transfers substantially all risks and rewards specified in the underlying assigned loan contracts. Gain/loss arising on such assignment transactions is recorded upfront in the Consolidated Statement of Profit and Loss and the corresponding loan is derecognized from the Consolidated Balance Sheet immediately. Further, if the transfer of loan qualifies for derecognition, entire interest spread at its present value (discounted over the life of the asset) is recognized on the date of derecognition itself as interest strip receivable (interest strip on assignment) and correspondingly presented as gain/loss on derecognition of financial asset.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Securitization transactions

In case of securitization transactions, the Group retains substantially all the risks and rewards of ownership of a portion of the transferred loan assets. The Group continues to recognize the entire loan and also recognizes a collateralized borrowing for the proceeds received.

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.

Financial liabilities

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 Consolidated Statement of Profit and Loss.

(I) Derivative financial instrument

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially 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 profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or 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.

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.

(m) Cash and cash equivalents

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. 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/utilising the credits.

(o) Borrowing costs

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortized cost.

(p) 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 Consolidated 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.

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

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Group and makes strategic decision.

(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. 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 not recognized in the consolidated financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

(s) 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;

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

b) Funding related commitment to associate and joint venture companies; and

c) Other non-cancellable commitments, if any.

(t) 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.

(u) Statement of Cash Flows

Consolidated 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 Consolidated Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

(w) Dividend

Final dividend on equity shares are recorded as a liability on the date of the approval by the shareholders and interim dividend are recorded as liability on the date of declaration by the Group's Board of Directors.

(x) 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.

NOTE 3A. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its standalone financial statements.

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 4A. CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2022
Cash and cash equivalents	
Cash on hand	9.26
Balance with banks	
-In current accounts	1,655.28
Fixed deposits (original maturity less than or equal to three months)	12,331.68
Cash and cash equivalents	**13,996.22**

NOTE 4B. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2022
Other bank balances	
In earmarked accounts	
- Unclaimed interest and redemption proceeds of NCDs and other earmarked balances	51.78
Fixed deposits (original maturity less than or equal to three months) - lien marked	1,500.73
Fixed deposits (original maturity more than three months)	2,780.43
TOTAL	**4,332.94**

OUT OF THE FIXED DEPOSITS SHOWN ABOVE:

(₹ in million)

Particulars	As at March 31, 2022
Lien marked	2,312.60
Margin for credit enhancement	1,968.56
Total	**4,281.16**

NOTE 5. DERIVATIVES FINANCIAL INSTRUMENTS

(₹ in million)

Part I	As at March 31, 2022		
	Notional amounts	Fair value - assets	Fair value - liabilities
(i) Currency derivatives:			
- Cross currency interest rate swaps	3,630.75	-	50.58
Subtotal (i)	**3,630.75**	**-**	**50.58**
(ii) Other derivatives			
- Forward exchange contract	-	-	-
Subtotal (ii)	**-**	**-**	**-**
Total derivative (i+ii)	**3,630.75**	**-**	**50.58**

(₹ in million)

Part II	As at March 31, 2022		
	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) Cash flow hedging:			

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Part II	As at March 31, 2022		
	Notional amounts	Fair value - assets	Fair value - liabilities
- Currency derivatives	3,630.75	-	50.58
(ii) Undesignated derivatives	-	-	-
Total derivative financial instruments (i+ii)	**3,630.75**	**-**	**50.58**

Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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. Refer Note 5.1.

(₹ in million)

Particulars	Total		Exchange traded		Over the counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
As at March 31, 2022						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	**3,630.75**	**50.58**	-	-	3,630.75	50.58

5.1 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.

5.1.1 Derivatives designated as hedging instruments

The foreign currency and interest rate risk on borrowings have been actively hedged through a combination of forward contracts and cross currency interest rate swaps.

The Group is exposed to interest rate risk arising from its foreign currency borrowings amounting to USD 50 million (March 31, 2021 USD 50 million). Interest on the borrowing is payable at a floating rate linked to USD LIBOR. The Group 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 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. These contracts are stated at fair value at each reporting date.

The Group uses Critical Terms Matching to determine Hedge effectiveness. If the hedge is ineffective, then the movement in the Fair Value is charged to the Statement of Profit and Loss. If the hedge is effective, the movement in the Fair Value of the underlying and the derivative instrument is transferred to "Other Comprehensive Income" in Statement Of Changes In Equity.

There is an economic relationship between the hedged item and the hedging instrument as the critical 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 million)

Particulars	As at March 31, 2022
Notional amount	3,630.75
Carrying amount	50.58
Line item in the statement of financial position	Derivative financial instrument
Change in fair value used for measuring ineffectiveness for the year	96.04

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Impact of hedging item	2021-22
Change in fair value	96.04
Cash flow hedge reserve	96.04
Cost of hedging	-

(₹ in million)

Effect of Cash flow hedge	2021-22
Total hedging gain/(loss) recognized in OCI	96.04
Line item in the statement of profit or loss	-

(₹ in million)

Particulars	2021-22
(Gain)/Loss On Swap Transaction	241.50
(Gain)/Loss On Mark To Market On Fluctuation Of Foreign Exchange	(113.16)
Tax implication on above	(32.30)
Total	**96.04**

NOTE 6. RECEIVABLES

(₹ in million)

Particulars	As at March 31, 2022
(i) Trade receivables	
Receivables considered good - unsecured	366.02
Receivables considered good - significant increase in credit risk	3.85
Total - gross	**369.87**
Less: Impairment loss allowance	(0.77)
Total	**369.10**

No trade receivables are due from Directors or any other officers of the Group either severally or jointly with any other person nor any trade receivables are due from firms or private companies respectively in which any Director is a Partner, Director or a Member.

Trade receivable are not interest bearing

Trade Receivables aging schedule

(₹ in million)

Particulars	Outstanding for following period from the date of transaction		Total
	Unbilled	Less than 6 Months	
As at March 31, 2022			
Undisputed Trade receivables – considered good.	25.80	340.22	366.02
Undisputed Trade receivables – significant increase in credit risk	-	3.85	3.85

NOTE 7. LOANS

(₹ in million)

Particulars	As at March 31, 2022		
	Amortized cost 1	FVTOCI 2	Total (3=1+2)
Loans			
(A)			
(i) Term loans	129,502.40	29,127.20	158,629.60

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022		
	Amortized cost	FVTOCI	Total
	1	2	(3=1+2)
Total (A) - Gross	**129,502.40**	**29,127.20**	**158,629.60**
Less: Impairment loss allowance	(5,454.19)	(273.20)	(5,727.39)
Total (A) - Net	**124,048.21**	**28,854.00**	**152,902.21**
(B)			
(i) Secured by tangible assets	127,017.53	29,127.20	156,144.73
(ii) Secured by Government Guarantee	2,424.04	-	2,424.04
(iii) Unsecured	60.83	-	60.83
Total (B) - Gross	**129,502.40**	**29,127.20**	**158,629.60**
Less: Impairment loss allowance	(5,454.19)	(273.20)	(5,727.39)
Total (B) - Net	**124,048.21**	**28,854.00**	**152,902.21**
(C)			
Loans in India	**129,502.40**	**29,127.20**	**158,629.60**
(i) Public sector	-	-	-
(ii) Others	129,502.40	29,127.20	158,629.60
Less: Impairment loss allowance	(5,454.19)	(273.20)	(5,727.39)
Total (C) - Net	**124,048.21**	**28,854.00**	**152,902.21**

The above Term Loans includes ₹ 2,101.53 million towards interest accrued, unamortized processing fee, gain/loss on modification of financial assets and gain/loss on FVTOCI.

a. Secured loans given to customers are secured by equitable mortgage of property. 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.

b. Secured loans include loans aggregating in ₹ 6.28 million in respect of which the creation of security is under process.

Note 7.1:

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localized lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. India experienced a "second wave" of the COVID-19 pandemic in April-May 2021 following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns. These were gradually lifted as the second wave subsided.

The impact of COVID-19, including changes in customer behavior and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The extent to which the COVID-19 pandemic will continue to impact the Group's results will depend on ongoing as well as future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

Note 7.2:

On November 12, 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On February 15, 2022, RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22, allowing the Company to put in place the necessary system to implement the provisions till September 30, 2022. The Company has continued to classify accounts as NPA as per RBI circular dated 12 November 2021 and aligned its definition of default from month end process to Days Past Due on day end process basis . However, the aforesaid classification/alignment does not have any significant impact on the Expected Credit Loss model and consequently on the financial statements for the year ended March 31, 2022.

Note 7.3:

The Group has not granted any loans or advances in the nature of loans, to promoters, Directors, KMPs and related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that are either repayable on demand or without specifying any terms or period of repayment during the year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 8. INVESTMENTS

(₹ in million)

Particulars	As at March 31, 2022			
	FVTPL	At Amortized Cost	At Cost	Total
(A)				
Alternate Investment Funds	1,440.00	-	-	1,440.00
Debt securities	-	95.91	-	95.91
Equity instruments	-	-	2,498.21	2,498.21
Total – Gross (A)	**1,440.00**	**95.91**	**2,498.21**	**4,034.12**
(B)				
(i) Investments in India	1,440.00	95.91	2,498.21	4,034.12
Total (B)	**1,440.00**	**95.91**	**2,498.21**	**4,034.12**
(C)				
Less: Impairment loss allowance	-	-	-	-
Total- Net (A-C)	**1,440.00**	**95.91**	**2,498.21**	**4,034.12**

Note 8.1 Investment Details Script Wise

Particulars	As at March 31, 2022	
	Quantity (in actuals)	Carrying Value (₹ in million)
Alternate Investment Funds		
IIFL One Value Fund Series B	134,313,931	1,440.00
Debt instruments		
"Elite Mortgage HL Trust June 2019 Series A PTC"	5	95.91
Equity instruments in Associate (Refer Note 8.1.1)		
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	124,555,797	2,498.21

Note 8.1.1 Equity instruments in Associate

The Group's interest in IIFL Samasta Finance Limited is accounted for using the equity method in the consolidated financial statements. The following table summarizes the financial information of IIFL Samasta Finance Limited as included in its own financial statements.

(₹ in million)

Summarized balance sheet	As at March 31, 2022
Financial Assets	62,996.37
Non-financial Assets	947.93
Financial Liabilities	53,756.01
Non-financial Liabilities	195.46
Equity	9,992.83
Proportion of the Group's ownership	25%
Carrying amount of the investment excluding Capital Reserve	2,484.72
Capital Reserve	13.49
Carrying amount of the investment	2,498.21

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Summarized statement of profit or loss	As at March 31, 2022
Total income	10,199.28
Total expenses	9,609.83
Profit/(loss) before tax	589.45
Tax expense	83.41
Profit/(loss) for the year	506.04
Total comprehensive income/(loss)	497.76
Share in profit/(loss) of associates	126.51
Share in profit/(loss) of associates in other comprehensive income	(2.07)

The associate had no significant contingent liabilities or capital commitments as at March 31, 2022

(₹ in million)

Particulars	As at March 31, 2022
Opening Carrying amount of Investment	1,623.77
Add: Carrying amount of additional share of Investments	750.00
Add: Share of Total Comprehensive Income for the year	124.44
Closing Carrying amount of Investment	2,498.21

NOTE 9. OTHER FINANCIAL ASSETS

(₹ in million)

Particulars	As at March 31, 2022
Security deposits	
- Unsecured, considered good	26.97
- Unsecured, considered doubtful	8.04
Less: Provisions (Refer Note 9.1 below)	(8.04)
Interest strip asset on assignment	3,030.48
Other receivables	520.72
Total	**3,578.17**

Note 9.1. Provision on Security Deposits

(₹ in million)

Particulars	As at March 31, 2022
Opening provision	8.46
Additions	-
Reductions	(0.42)
Closing provision	**8.04**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 10. DEFERRED TAX ASSETS (NET)

Significant components of deferred tax assets and liabilities as at March 31, 2022 are as follows:

(₹ in million)

Particulars	Opening balance	Recognized in Statement of Profit and Loss	Recognized in/ reclassified from OCI	Closing balance
Deferred tax assets:				
Property, Plant and Equipment	6.84	(0.49)	-	6.35
Provisions for expected credit losses	1,016.64	264.67	-	1,281.31
Provision for employee benefits	12.55	4.18	(0.28)	16.45
Fair value of derivative financial instruments	73.50	-	(60.78)	12.72
Right of use of Assets and lease liabilities	4.49	2.36	-	6.85
Adjustment pertaining to income and expenses recognition based on effective interest rate	161.94	39.77	-	201.71
Total deferred tax assets (A)	**1,275.96**	**310.49**	**(61.06)**	**1,525.39**
Deferred tax liabilities:				
Provision for Bad and Doubtful debts under section 36(1)(viia)	(76.60)	(11.66)	-	(88.26)
Interest spread on assigned loans	(499.57)	(263.15)	-	(762.72)
Fair value of financial instruments	1.92	-	(34.36)	(32.44)
Total deferred tax liabilities (B)	**(574.25)**	**(274.81)**	**(34.36)**	**(883.42)**
Deferred tax assets (A+B)	**701.71**	**35.68**	**(95.42)**	**641.97**

NOTE 11A. INVESTMENT PROPERTY

(₹ in million)

Particulars	Buildings
As at April 01, 2021	**74.84**
Additions	-
Deductions/Adjustments	-
As at March 31, 2022	**74.84**
Accumulated Depreciation	
As at April 01, 2021	**4.79**
Depreciation for the year	3.75
Deductions/Adjustments	-
As at March 31, 2022	**8.54**
Net Block as at March 31, 2022	**66.30**

Note 11A.1. Reconciliation of changes in the fair value of the Investment Property

(₹ in million)

Particulars	Buildings
As at April 01, 2021	**86.83**
Additions to fair value	-
Changes in the fair value (including sale)	0.97
As at March 31, 2022	**87.80**

The Fair Value of the Investment Property has been arrived on the basis of valuation carried out by an Independent Un-registered Valuer. The fair value measurement for investment property has been categorized as Level 2 fair value based on the inputs to the valuation technique used.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 11A.2. Title deeds of Immovable Property not held in name of the Company

(₹ in million)

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 Company
Investment Property	Building	27.50	Borrower to whom loan has been given	No	January 10, 2020	Acquired in the SARFAESI Proceedings
	Building	47.34	Borrower to whom loan has been given	No	December 31, 2019	Acquired in the SARFAESI Proceedings
Non-current assets held for sale (Refer Note 14)	"Building (19 Properties)"	96.99	Borrowers to whom loans were given	No	Repossessed between August 2017 to December 2020	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.

NOTE 11B. PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

Particulars	Freehold Land*	Furniture and Fixture	Office Equipment	Electrical Equipment	Computers	Total
As at April 01, 2021	**0.86**	**12.31**	**8.05**	**6.39**	**52.19**	**79.80**
Additions	-	4.15	1.84	2.55	62.20	**70.74**
Deductions/Adjustments	-	1.20	0.37	1.23	11.37	**14.17**
As at March 31, 2022	**0.86**	**15.26**	**9.52**	**7.71**	**103.02**	**136.37**
Accumulated Depreciation						
As at April 01, 2021	**-**	**7.54**	**5.00**	**3.97**	**38.45**	**54.96**
Depreciation for the year	-	3.00	1.46	2.18	18.09	**24.73**
Deductions/Adjustments	-	0.96	0.21	1.05	6.83	**9.05**
As at March 31, 2022	**-**	**9.58**	**6.24**	**5.10**	**49.71**	**70.64**
Net Block as at March 31, 2022	**0.86**	**5.68**	**3.28**	**2.61**	**53.31**	**65.74**

* The above Freehold Land is hypothecated with Debenture Trustee(s) for issue of secured non-convertible debentures.

NOTE 12A. LEASES

Statement showing movement in lease liabilities

(₹ in million)

Particulars	Premises	Vehicle	Total
As at April 01, 2021	**144.54**	**4.49**	**149.03**
Additions	129.95	**11.19**	**141.14**
Deductions/Adjustments	-	**-**	**-**
Finance cost accrued during the year	14.56	**0.83**	**15.39**
Payment of lease liabilities	42.72	**6.47**	**49.19**
As at March 31, 2022	**246.33**	**10.04**	**256.37**

Statement showing carrying value of right of use assets

(₹ in million)

Particulars	Premises	Vehicle	Total
As at April 01, 2021	**131.79**	**3.97**	**135.76**
Additions	132.58	11.20	**143.78**
Deductions/Adjustments	0.12	-	**0.12**
Depreciation	38.41	5.62	**44.03**
As at March 31, 2022	**225.84**	**9.55**	**235.39**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Statement showing break up value of the Current and Non - Current Lease Liabilities

(₹ in million)

Particulars	As at March 31, 2022
Current lease liabilities	62.42
Non- Current lease liabilities	193.95

Statement showing contractual maturities of lease liabilities on an undiscounted basis

(₹ in million)

Particulars	As at March 31, 2022
Due for	
Up to One year	75.46
One year to Two years	74.56
Two to Five years	122.46
More than Five years	60.42
Total	**332.90**

Statement showing amount recognized in Statement of Profit and Loss

(₹ in million)

Particulars	2021-22
Interest on lease liabilities	15.39
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	1.65
Total	**17.04**

Statement showing amount recognized in Statement of Cash Flows:

(₹ in million)

Particulars	As at March 31, 2022
Payment of interest on lease liabilities	13.78
Payment of lease liabilities	29.89
Total cash outflows for leases	**43.67**

NOTE 12B. OTHER INTANGIBLE ASSETS

(₹ in million)

Particulars	Computer Software
As at April 01, 2021	**9.99**
Additions	2.18
Deductions/Adjustments	-
As at March 31, 2022	**12.17**
Accumulated Depreciation	
As at April 01, 2021	**8.73**
Depreciation For the year	1.62
Deductions/Adjustments	-
As at March 31, 2022	**10.35**
Net Block as at March 31, 2022	**1.82**

The Group has not revalued its Property, Plant and Equipment (including Right of Use Assets) and Intangible Assets.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 13. OTHER NON FINANCIAL ASSETS

(₹ in million)

Particulars	As at March 31, 2022
Capital Advances	0.65
Prepaid Expenses	40.50
Others	5.56
Retirement benefit assets (Refer note 32.2)	1.03
Total	**47.74**

NOTE 14. ASSETS HELD FOR SALE

(₹ in million)

Particulars	As at March 31, 2022
Assets held for sale	96.99

The Company follows various collection mechanisms for recovery of dues from the borrowers, which involves initiating SARFAESI, actual/physical repossession of assets after eviction in lieu of the loan outstanding and subsequent sale of repossessed assets via auction process in case of default by the borrowers. The Company's endeavor is to sell the re-possessed assets, in a public auction and realize the sale proceeds to recover the Loan amount outstanding at the earliest. The Customer has all opportunity to repay the Loan amount before finalization of sale of the property and take back the possession. Since borrowers may settle the loans and in such cases, the property is handed back to them(in case the property is not yet sold in auction), the Company's management is of the view that acquiring such properties does not change the nature of the assets and that such re-possessed assets continue to be classified as financial assets. Therefore, such re-possessed properties are not classified as Assets Held for Sale as per IND AS 105. Expert Advisory Committee of the Institute of Chartered Accountants of India has been approached by the Company for an opinion in the classification of such repossessed assets as "Non- Current Assets Held For Sale", which is awaited.

NOTE 15. TRADE PAYABLES

(₹ in million)

Particulars	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (Refer note 15A)	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	509.40
Total	**509.40**

NOTE 15A. DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The Group had requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 and is in the continuous process of obtaining such confirmation from its suppliers. The disclosure relating to unpaid amount as at the year-end together with interest paid/payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the Group regarding the status of suppliers under MSMED Act, 2006.

(₹ in million)

Particulars	2021-2022
(a) Principal amount remaining unpaid to any supplier at the year end	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-
(e) Amount of interest accrued and remaining unpaid at the year end	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

No interest has been paid/is payable by the Group during the year to the Suppliers registered under this 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.

Trade Payables aging schedule

(₹ in million)

Particulars	Outstanding for following period from the date of transaction		Total
	Unbilled	Less than 1 Year	
As at March 31, 2022			
(i) MSME	-	-	**-**
(ii) Others	483.06	26.34	**509.40**

Note: The Group does not have any disputed Trade Payables.

NOTE 16. DEBT SECURITIES

(₹ in million)

	At amortized Cost
Particulars	**As at March 31, 2022**
Secured:	
Non-convertible debentures - (Refer Note (a), (b) and 16.1)	21,440.44
Total (A)	**21,440.44**
Unsecured:	
Commercial Paper - (Refer Note 16.1)	739.42
Total (B)	**739.42**
Total (A+B)	**22,179.86**
Debt securities in India	22,179.86
Debt securities outside India	-

a. The above Non Convertible Debentures are secured by way of charge on current assets, book debts, receivables (both present and future), identified immovable property and other assets of the Company.

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 ₹ 281.25 million (May 15, 2022), ₹ 150.00 million (from December 20, 2023) and ₹ 150.00 million (from March 20, 2024).

Note 16.1 - Terms of repayment

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
Secured NCD (A)		
(a) Fixed:		
More than 5 years	13,605.15	5.00 % - 9.18%
3- 5 Years	2,082.50	8.20 % - 10.33%
1-3 Years	2,257.16	8.25%
Less than 1 year	373.15	5.00% - 9.87%
Sub-Total (a)	**18,317.96**	
(b) Floating:		
More than 5 years	-	-
3- 5 Years	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
1-3 Years	-	-
Less than 1 year	290.73	7.51%
Sub-Total (b)	**290.73**	
Total Secured NCD A=(a+b)	**18,608.69**	
Secured Zero Coupon (B)		
More than 5 years	37.13	8.75%
3- 5 Years	42.48	8.50%
1-3 Years	1,208.49	8.25% - 10.30%
Less than 1 year	1,543.63	9.35% - 9.55 %
Total Secured Zero Coupon (B)	**2,831.73**	
Unsecured (C)		
Commercial Paper		
Less than 1 year	739.42	6.30% - 6.35%
Total (A+B+C)	**22,179.85**	

Note 16.2 - Security wise details

(₹ in million)

Particulars	Coupon/ Yield	As at March 31, 2022
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity 04/04/2022	9.45%	240.00
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity 21/04/2022	9.35%	298.00
Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity 13/05/2022	8.56%	281.25
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity 29/09/2022	9.55%	580.00
G- Sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date Of Maturity 25/04/2024	9.12%	501.89
G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date Of Maturity 27/06/2024	10.30%	200.00
10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Maturity Date - 19/12/2025	10.33%	150.00
10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Maturity Date : 20/03/2026	10.05%	150.00
8.60% Secured Redeemable Non Convertible Debentures. Series. D3. Maturity Date: 11/02/2028	8.60%	180.00
8.62% Secured Redeemable Non Convertible Debentures. Series D4. Maturity Date: 12/03/2028	8.62%	190.00
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - 03/10/2029	9.18%	3,000.00
8.69% Secured Redeemable Non Convertible Debentures. Series. D2. Maturity Date: 12/11/2030.	8.69%	3,000.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	Coupon/ Yield	As at March 31, 2022
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D5.Date Of Maturity 16/04/2029	8.70%	360.00
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D6.Date Of Maturity 14/05/2030	8.70%	1,090.00
8.20% Secured Rated Listed Redeemable Non Convertible Debentures.Series D7.Date Of Maturity 28/09/2026	8.20%	1,120.00
8.25% Secured Rated Listed Redeemable Non Convertible Debenture. Series I Tranche II. Date Of Maturity 03/01/2025	8.25%	2,257.16
Secured Rated Listed Redeemable Non Convertible Debenture. Series II Tranche II. Date Of Maturity 03/01/2025.	8.25%	267.33
8.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series III Tranche II. Date Of Maturity 03/01/2027	8.20%	526.52
8.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV Tranche II. Date Of Maturity 03/01/2027	8.50%	135.98
Secured Rated Listed Redeemable Non Convertible Debenture. Series V Tranche II. Date Of Maturity 03/01/2027.	8.50%	42.49
8.43% Secured Rated Listed Redeemable Non Convertible Debenture. Series VI Tranche II. Date Of Maturity 03/01/2029.	8.43%	537.36
8.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series VII Tranche II. Date Of Maturity 03/01/2029	8.75%	221.77
Secured Rated Listed Redeemable Non Convertible Debenture. Series VIII Tranche II. Date Of Maturity 03/01/2029	8.75%	55.27
8.585% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series AD I.Date Of Maturity 25/02/2030	8.59%	4,333.00
5% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series AD II. Date Of Maturity 28/02/2031	5.00%	747.00
Total		**20,465.02**

Note: Statement showing contractual principal outstanding of Secured Non Convertible Debentures.

NOTE 17. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in million)

Particulars	At Amortized Cost
	As at March 31, 2022
Secured:	
(a) Term loans	
(i) from Banks (Refer Note (a), (b) and 17.1)	69,249.42
(ii) from NHB (Refer Note (a), (b) and 17.2)	27,637.08
(iii) from Financial Institution (Refer Note (b) and 17.3)	8,269.92
(b) Securitization Liability (Refer Note 17.4)	4,172.92
(c) Cash credit/Overdraft from Banks (Refer Note (a), (b) and 17.4)	120.00
Total	**109,449.34**
Borrowings in India	105,558.27
Borrowings outside India	3,891.07
Total	**109,449.34**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

a. Out of the total borrowing from Banks, borrowings amounting to ₹ 533.33 million and Refinance Facility from NHB amounting to ₹ 7,921.63 million are also guaranteed by Holding Company i.e. IIFL Finance Limited

b. The term loans from banks, Financial Institution and NHB and cash credits from banks are secured by way of first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.

Note 17.1 - Terms of repayment of Term Loans from Banks

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
Floating:		
More than 5 years	9,579.81	7.70 % - 9.50 %
3- 5 Years	12,805.74	7.70 % - 9.50 %
1-3 Years	26,972.42	7.40 % - 10.00%
Less than 1 year	19,891.44	7.35% - 10.00%
Total	**69,249.42**	

Note 17.2 - Terms of repayment of term loans from NHB

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
Fixed:		
More than 5 years	6,526.38	2.94 % - 6.85 %
3- 5 Years	5,941.46	2.94 % - 8.18 %
1-3 Years	10,399.38	2.94 % - 8.18 %
Less than 1 year	4,769.86	2.94 % - 8.80 %
Total	**27,637.08**	

Note 17.3 - Terms of repayment of term loans from Financial Institution

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
Floating:		
More than 5 years	4,385.20	8.50 % - 9.00 %
3- 5 Years	1,782.70	8.50 % - 9.00 %
1-3 Years	1,496.53	8.50 % - 9.00 %
Less than 1 year	605.49	8.50 % - 9.00 %
Total	**8,269.92**	

Note 17. 4 - Terms of repayment of other loans

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
Floating:		
Cash credit/Overdraft from Banks (A)		
Less than 1 year	120.00	7.20%
Securitization Liability (B)		
More than 5 years	3,189.45	6.35% - 7.80%
3- 5 Years	391.62	6.35% - 7.80%
1-3 Years	442.64	6.35% - 7.80%
Less than 1 year	149.21	6.35% - 7.80%
Sub-Total - Securitization Liability	**4,172.92**	
Total (A+B)	**4,292.92**	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 18. SUBORDINATED LIABILITIES

(₹ in million)

Particulars	At Amortized Cost As at March 31, 2022
Non-convertible debentures - Unsecured	10,576.86
Total	**10,576.86**
Subordinated Liabilities in India	10,576.86
Subordinated Liabilities outside India	-
Total	**10,576.86**

Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 million (from February 28, 2024), ₹ 1,265.16 million (from May 14, 2024), ₹ 400.00 million (from June 18, 2025) and ₹ 300.00 million (from July 14, 2025).

Note 18.1 - Terms of repayment of Subordinated Debt

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
(a) Fixed:		
More than 5 years	8,067.49	8.85% - 10.02%
3- 5 Years	-	-
1-3 Years	650.00	8.93% - 9.30%
Less than 1 year	129.06	8.51% - 9.60%
Total Fixed	**8,846.55**	
(b) Zero Coupon:		
More than 5 years	1,730.31	9.40%
Total (a+b)	**10,576.86**	

These debentures are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under RBI Directions for Housing Finance Companies for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2022, 95% of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

Note 18.2 - Security wise details

(₹ in million)

Particulars	Coupon/ Yield	As at March 31, 2022
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date Of Maturity 14/04/2023	8.93%	500.00
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U05. Date Of Maturity 29/05/2023	9.30%	150.00
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date Of Maturity 27/07/2027	8.85%	750.00
9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date Of Maturity 28/02/2028	9.05%	100.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date Of Maturity 16/06/2028	9.85%	400.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date Of Maturity 13/07/2028	9.85%	300.00
Zero Coupon G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series UA3. Date Of Maturity 11/08/2028	9.40%	1,265.16
10% Unsecured Rated Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity : 03/11/2028	10.00%	2,327.22
9.6% Unsecured Rated Listed Redeemable Non Convertible Debentures. Series II. Date Of Maturity : 03/11/2028	9.60%	3,828.24
Unsecured Rated Listed Redeemable Non Convertible Debentures. Series III. Date Of Maturity : 03/11/2028	10.02%	402.78
Total		**10,023.40**

Note: Statement showing contractual principal outstanding of Subordinated Non Convertible Debentures.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 19. OTHER FINANCIAL LIABILITIES

(₹ in million)

Particulars	As at March 31, 2022
Book overdraft*	7,468.06
Unclaimed interest and redemption proceeds of NCDs**	12.40
Other Payables#	1,964.00
Total	**9,444.46**

* Book overdraft represents cheque issued towards disbursement to borrowers but not presented to banks as on March 31, 2022.

"** As required under Section 125 of the Companies Act, 2013, the Company, during the year, has transferred ₹ 1.83 million to the Investor Education and Protection Fund (IEPF). As of March 31, 2022, ₹ 0.12 million was due for transfer to the IEPF."

1. Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 0.37 million.

2. In accordance with RBI notification dated April 7, 2021, the Company is required to refund/adjust 'interest on interest' to eligible borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Company is in the process of suitably implementing this methodology. As at March 31, 2022 the Company has created a liability towards estimated interest relief and reduced the same from the interest income.

NOTE 20. PROVISIONS

(₹ in million)

Particulars	As at March 31, 2022
Provisions for Employee Benefits	
-Provision for Leave Encashment	55.21
-Provision for Gratuity	0.45
-Provision for Bonus	87.00
Total	**142.66**

NOTE 20.1. PROVISION FOR LEAVE ENCASHMENT

(₹ in million)

Particulars	As at March 31, 2022
Opening provision	47.76
Additions	18.30
Reductions	(10.85)
Closing provision	**55.21**

NOTE 20.2. PROVISION FOR GRATUITY

(₹ in million)

Particulars	As at March 31, 2022
Opening provision	-
Additions	0.45
Reductions	-
Closing provision	**0.45**

NOTE 20.3. PROVISION FOR BONUS

(₹ in million)

Particulars	As at March 31, 2022
Opening provision	78.02
Additions	87.00
Reductions	(78.02)
Closing provision	**87.00**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 21. OTHER NON FINANCIAL LIABILITIES

(₹ in million)

Particulars	As at March 31, 2022
Statutory remittances	113.57
Unspent CSR (Refer note no 38A)	30.30
Advances from borrowers	370.88
Income received in advance	0.05
Total	**514.80**

NOTE 22. EQUITY

(a) The Authorized, Issued, Subscribed and fully paid up share capital

Share Capital:

(₹ in million)

Particulars	As at March 31, 2022
Authorized Share Capital	
152,000,000 Equity Shares of ₹10 each with voting rights	1,520.00
20,000,000 Preference Shares of ₹10 each	200.00
Total	**1,720.00**
Issued, Subscribed and Paid Up	
Equity Share Capital	
20,968,181 Equity Shares of ₹10 each fully paid-up	209.68
Total	**209.68**

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

(₹ in million)

Particulars	As at March 31, 2022	
	No. of shares	Amount
At the beginning of the year	20,968,181	209.68
Add: Issued during the year	-	-
Outstanding at the end of the year	**20,968,181**	**209.68**

(c) Terms/rights attached to equity shares:

The Company has only one class of Equity Shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

(d) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2022	
	No. of shares	% holding
Equity shares of 10 each fully paid		
IIFL Finance Limited and its nominees	20,968,181	100.00%

(e) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any equity shares without payment being received in cash or by way of bonus shares or shares bought back.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(f) Details of shares held by Promoters

Particulars	Promoter Name	No of Shares*	% of Total Shares	% Change during the year
As at March 31, 2022	IIFL Finance Limited	20,968,181	100.00%	-

* Shares held by IIFL Finance Limited and its nominees. The shareholding of Nominee is 600 shares.

23. OTHER EQUITY

1. As at March 31, 2022

(₹ in million)

Particulars	Reserves and Surplus						Other Comprehensive Income		Total	Non-Controlling Interest
	Capital Reserve	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Retained Earnings	Re-measure ment of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI		
Balance at the beginning of the current reporting year	**13.49**	**7,991.57**	**1,438.60**	**2,873.70**	**9,186.35**	**(6.69)**	**(166.36)**	**(5.72)**	**21,324.94**	**-**
Profit for the year	-	-	-	-	5,934.35	-	-	-	**5,934.35**	**-**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 1)	-	-	-	-	-	-	96.05	-	**96.05**	**-**
Remeasurement of defined benefit (Net of Tax) (Refer Note 2)	-	-	-	-	-	(1.24)	-	-	**(1.24)**	**-**
Equity Dividend (Refer Note 3)	-	-	-	-	(629.05)	-	-	-	**(629.05)**	**-**
Transfer to Special Reserve (Refer Note 4)	-	-	-	1,156.00	(1,156.00)	-	-	-	**-**	**-**
Fair value of loans carried at FVTOCI	-	-	-	-	-	-	-	102.17	**102.17**	**-**
Balance at the end of the Current reporting year	**13.49**	**7,991.57**	**1,438.60**	**4,029.70**	**13,335.65**	**(7.93)**	**(70.31)**	**96.45**	**26,827.22**	**-**

1. The amount refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
2. The amount 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.
3. During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 30 per equity share.
4. As per Section 29C(1) of National Housing Bank Act 1987, the Company is required to transfer at least 20% of its Net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act,1961 is considered to be an eligible transfer.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 24. INTEREST INCOME

(₹ in million)

Particulars	2021-22		
	On Financial Assets measured at		
	FVTOCI	Amortized Cost	Total
Interest on Loans	2,098.64	16,468.32	18,566.96
Interest income from investments	-	9.01	9.01
Interest on deposits with Banks	-	191.84	191.84
Total	**2,098.64**	**16,669.17**	**18,767.81**

NOTE 25. FEES AND COMMISSION INCOME

(₹ in million)

Particulars	2021-22
Fees and Other Charges	616.93
Insurance Commission	152.63
Total	**769.56**

NOTE 26. NET GAIN ON FAIR VALUE CHANGES

(₹ in million)

Particulars	2021-22
Net gain on financial instruments at FVTPL	
On trading portfolio	
- Investments	63.16
Total Net gain on fair value changes	**63.16**
Fair Value changes:	
- Realized	63.16
Total Net gain on fair value changes	**63.16**

NOTE 27. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

(₹ in million)

Particulars	2021-22
Foreclosure of loans	70.96
Bad debts recovery	38.28
Total	**109.24**

NOTE 28 NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER FVTOCI

(₹ in million)

Particulars	2021-22
Assignment of loans	1,045.58
Foreclosure of loans	113.18
Total	**1,158.76**

NOTE 29. OTHER INCOME

(₹ in million)

Particulars	2021-22
Profit on sale of Assets	15.39
Marketing, advertisement and support service fees	1,396.00
Interest on Income Tax Refund	6.75
Total	**1,418.14**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 30. FINANCE COSTS

(₹ in million)

Particulars	On Financial liabilities measured at Amortized Cost
	2021-22
Interest on inter-corporate deposits	202.32
Interest on borrowings (other than debt securities)	7,957.67
Interest on debt securities	1,464.36
Interest on subordinated liabilities	801.61
Other interest expense	
Interest on lease liabilities	15.39
Other borrowing cost	185.06
Total	**10,626.41**

Statement showing exchange fluctuation on account of foreign currency borrowings measured through Other Comprehensive Income:

(₹ in million)

Particulars	2021-22
Revaluation Gain/(Loss) on Foreign currency loan	(113.16)
Recognized in Other Comprehensive Income	113.16

NOTE 31. IMPAIRMENT ON FINANCIAL INSTRUMENTS, INCLUDING WRITE-OFFS

(₹ in million)

Particulars	2021-22		
	On Financial Assets measured at		
	FVTOCI	Amortized Cost	Total
Loans	16.67	1,034.93	1,051.60
Bad debts written off	-	548.39	548.39
Total	**16.67**	**1,583.32**	**1,599.99**

NOTE 32. EMPLOYEE BENEFITS EXPENSES

(₹ in million)

Particulars	2021-22
Salaries and wages	1,604.82
Contribution to provident and other funds (Refer Note 32.1)	64.15
Leave Encashment	17.31
Gratuity (Refer Note 32.2)	16.38
Staff welfare expenses#	39.16
Total	**1,741.82**

#The Group company i.e. IIFL Finance Limited and IIFL Securities Limited have granted stock options to its employees as well as employees of the Company. Pursuant to the scheme, the Company has reimbursed the group companies ₹ 11.30 million during the year on account of such costs and the same is forming part of Employee benefit expenses.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

32.1 Defined Contribution Plans:

The Group has recognized the following amounts as an expense and included in the Employee Benefits Expenses.

(₹ in million)

Particulars	2021-22
Contribution to Provident fund	33.11
Contribution to ESIC	4.37
Contribution to Labor Welfare Fund	0.28
Group contribution to EPS	24.01
Group contribution to NPS	2.38
Total	**64.15**

32.2 Disclosures pursuant to Ind AS 19 on "Employee Benefits"

(₹ in million)

Particulars	2021-22
Type of Benefit	Gratuity
Country	India
Reporting Currency	INR
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)
Funding Status	Funded
Starting Year	01-04-21
Date of Reporting	31-03-22
Period of Reporting	12 Months

Assumptions (Current Year)

(₹ in million)

Particulars	2021-22
Expected Return on Plan Assets	6.98%
Rate of Discounting	6.98%
Rate of Salary Increase	9.00%
Rate of Employee Turnover	For service 4 years and below 28.00% p.a. For service 5 years and above 1.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)

Table Showing Change in the Present Value of Projected Benefit Obligations

(₹ in million)

Particulars	2021-22
Present Value of Benefit Obligation at the Beginning of the Year	82.05
Interest Cost	5.62
Current Service Cost	16.33
Past Service Cost	-
Liability Transferred In/Acquisitions	0.48
Liability Transferred Out/Divestment	(0.83)
Benefit Paid Directly by the Employer	(0.02)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	2021-22
Benefit Paid From the Fund	(6.17)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	0.02
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(2.14)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(1.42)
Present Value of Benefit Obligation at the End of the Year	**93.92**

Table Showing Change in the Fair Value of Plan Assets

(₹ in million)

Particulars	2021-22
Fair Value of Plan Assets at the Beginning of the Year	87.96
Interest Income	6.02
Contributions by the Employer	9.57
Benefit Paid from the Fund	(6.17)
Return on Plan Assets, Excluding Interest Income	(2.43)
Fair Value of Plan Assets at the End of the Year	**94.95**

Amount Recognized in the Balance Sheet

(₹ in million)

Particulars	As at March 31, 2022
Present Value of Benefit Obligation at the end of the Year	93.92
Fair Value of Plan Assets at the end of the Year	94.95
Funded Status Surplus/(Deficit)	1.03
Net (Liability)/Asset Recognized in the Balance Sheet	**1.03**

Net Interest Cost

(₹ in million)

Particulars	2021-22
Present Value of Benefit Obligation at the Beginning of the Year	82.05
Fair Value of Plan Assets at the Beginning of the Year	(87.96)
Net Liability/(Asset) at the Beginning of the Year	**(5.91)**
Interest Cost	5.62
Interest Income	(6.02)
Net Interest Cost	**(0.40)**

Expenses Recognized in the Statement of Profit and Loss

(₹ in million)

Particulars	2021-22
Current Service Cost	16.33
Net Interest Cost	(0.40)
Past Service Cost	-
Expenses Recognized	**15.93**

One of our subsidiary Company i.e. IIHFL Sales Limited has provided gratuity on a full liability basis.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Expenses Recognized in the Other Comprehensive Income (OCI)

(₹ in million)

Particulars	2021-22
Actuarial (Gains)/Losses on Obligation For the Year	(3.54)
Return on Plan Assets, Excluding Interest Income	2.43
Net (Income)/Expense For the Year Recognized in OCI	(1.11)

Balance Sheet Reconciliation

(₹ in million)

Particulars	As at March 31, 2022
Opening Net Liability	(5.91)
Expenses Recognized in Statement of Profit and Loss	15.93
Expenses Recognized in OCI	(1.11)
Net Liability/(Asset) Transfer In	0.48
Net (Liability)/Asset Transfer Out	(0.83)
Benefit Paid directly by the Employer	(0.02)
Employer's Contribution	(9.57)
Net Liability/(Asset) Recognized in the Balance Sheet	**(1.04)**

Category of Assets

(₹ in million)

Particulars	As at March 31, 2022
Insurance fund	94.95
Total	**94.95**

Information of major categories of plan assets of gratuity fund are not available with the Company and hence not disclosed as per the requirements of Ind AS 19 "Employee Benefits".

Other Details

(₹ in million)

Particulars	2021-22
Prescribed Contribution For Next Year (12 Months)	17.61

Net Interest Cost for Next Year

(₹ in million)

Particulars	2021-22
Present Value of Benefit Obligation at the End of the Year	93.92
Fair Value of Plan Assets at the End of the Year	(94.95)
Net Liability/(Asset) at the End of the Year	**(1.03)**
Interest Cost	6.56
Interest Income	(6.63)
Net Interest Cost for Next Year	**(0.07)**

Expenses Recognized in the Statement of Profit or Loss for Next Year

(₹ in million)

Particulars	2021-22
Current Service Cost	18.64
Net Interest Cost	(0.07)
Expected Contributions by the Employees	-
Expenses Recognized	**18.57**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Maturity Analysis of the Benefit Payments: From the Fund

(₹ in million)

Particulars	2021-22
Projected Benefits Payable in Future Years From the Date of Reporting	
1st Following Year	0.79
2nd Following Year	0.95
3rd Following Year	1.07
4th Following Year	1.18
5th Following Year	1.46
Sum of Years 6 To 10	10.36
Sum of Years 11 and above	354.59

Sensitivity Analysis

(₹ in million)

Particulars	2021-22
Projected Benefit Obligation on Current Assumptions	93.92
Delta Effect of +1% Change in Rate of Discounting	(14.69)
Delta Effect of -1% Change in Rate of Discounting	18.14
Delta Effect of +1% Change in Rate of Salary Increase	12.87
Delta Effect of -1% Change in Rate of Salary Increase	(11.54)
Delta Effect of +1% Change in Rate of Employee Turnover	(2.06)
Delta Effect of -1% Change in Rate of Employee Turnover	2.34

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.

NOTE 33. OTHER EXPENSES

(₹ in million)

Particulars	2021-22
Advertisement	43.48
Loan processing expenses	39.93
Marketing expenses	47.72
Bank charges	13.21
Communication	13.87
Electricity	15.74
Rating and custodian fees	11.36
Legal and professional fees	161.93
Commission and sitting fees	5.31
Miscellaneous expenses	6.29
Office expenses	74.33
Postage and courier	13.98
Printing and stationary	15.89
Rates and taxes	0.25

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	2021-22
Rent (Refer note 12A)	45.12
Repairs and maintenance	7.18
Payments to auditors*	6.65
Software charges	60.78
Security expenses	16.48
Travelling and conveyance	43.96
Corporate Social Responsibility (CSR) expenses (Refer note 38A)	105.68
Loss on sale of assets	0.31
Total	**749.45**

***Payments to auditors**

(₹ in million)

Particulars	2021-22
Audit Fees	3.42
Limited Reviews	1.14
Other matters and certification	1.77
Out of Pocket Expenses	0.32
Total as per Statement of Profit and Loss	**6.65**
Amount paid towards certification required under for its Public Issue of Non Convertible Debentures which has been amortized using Effective Interest Rate Method over the tenure of the debenture	7.55
Total	**14.20**

NOTE 34. INCOME TAXES

Amounts recognized in the Statement of Profit and Loss

(₹ in million)

Particulars	2021-22
Current tax expense	
Current year	1,712.00
Tax of earlier years	13.30
Deferred tax expense	
Origination and reversal of temporary differences	(35.68)
Total	**1,689.62**

Reconciliation of total tax expense

(₹ in million)

Particulars	2021-22
Profit before tax	**7,497.46**
Tax using the domestic tax rate	1,886.96
Tax effect of:	
Non-deductible expenses	28.41
Tax-exempt income (includes deduction u/s 80JJAA)	(241.63)
Tax on Dividend	-
Income taxed at different rates	-
" Recognition of previously unrecognized deductible temporary differences "	-
Adjustments for current tax for prior periods	13.30
De-Recognition of previously recognized deductible temporary differences	2.59
Total income tax expense	**1,689.63**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 35. EARNINGS PER SHARE:

Basic and Diluted Earnings per share ["EPS"] computed in accordance with Ind AS 33 "Earnings per share"

(₹ in million)

Particulars		2021-22
Nominal value of equity shares in ₹ fully paid up		10
BASIC		
Profit after tax as per Statement of Profit and Loss	A	5,934.35
Weighted Average Number of Equity Shares Outstanding	B	20,968,181
Basic EPS (In ₹) (i)	**A/B**	**283.02**
DILUTED		
Weighted Average Number of Equity shares for computation of diluted EPS	C	20,968,181
Diluted EPS (In ₹) (i)	**A/C**	**283.02**

NOTE 36. CAPITAL/OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE

a. Commitments: As at the balance sheet date there were undrawn credit commitments of ₹ 16,895.64 million representing the loan amounts sanctioned but not disbursed.

b. Contingent Liabilities:

   i. Claim against the Group not acknowledged as debt ₹ 1.58 million.

   ii. Credit enhancement and Guarantee given for securitization and assignment transactions amounting to ₹ 1,956.72 million and ₹ 233.40 million respectively.

NOTE 37. DISCLOSURE AS PER IND AS -108 "OPERATING SEGMENTS"

The Group's main business is financing by way of loans for the purchase or construction of residential houses, Loans against property and construction of real estate and certain other purposes, in India. All other activities of the Group revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'.

NOTE 38A. CORPORATE SOCIAL RESPONSIBILITY

The Group was required to spend ₹ 105.00 million towards Corporate Social Responsibility (CSR) activities for the current financial year.

(₹ in million)

Particulars	2021-2022		
	Amount Spent	Amount Unspent/ Provision	Total
(a) Amount of expenditure incurred	75.38	30.30	105.68
(b) Shortfall at the end of the year*	-	30.30	30.30
(c) Total of previous years shortfall	-	-	-
(d) Nature of CSR activities:			
(i) Construction/acquisition of any asset -	-	-	-
(ii) On purpose other than (i) above	75.38	30.30	105.68

*The Company during the year had contributed towards the ongoing projects to IIFL Foundation and which remained unspent as on March 31, 2022 resulting in shortfall. The unspent amount has been transferred to a separate Bank account on April 08, 2022 and will be spent during the 2022-23

One of our subsidiary company i.e. IIHFL Sales Limited has been incorporated in current Financial Year therefore CSR is not applicable on the same.

(i) The aforementioned amount spent during the year has been contributed to India Infoline Foundation and others.

(ii) Nature of CSR activities: Promoting Education and Healthcare and eradicating poverty

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 38B. ADDITIONAL REGULATORY INFORMATION UNDER MCA NOTIFICATION DATED MARCH 24, 2021

a. **Details of Benami Property held:** There are no proceedings which have been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

b. **Additional information where borrowings are from banks or financial institutions:**

(i) The revised quarterly returns and statements of current assets filed by the Group with banks or financial institutions for the quarter ended June 21, Sept 21 and Dec 21 are in agreement with the books of accounts. Further for quarter ended Mar 22 the Group has filed the provisional return and statement which will be revised subsequently based on audited numbers;

(ii) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the balance sheet date.

c. **Willful Defaulter:** The Company has not been declared as Willful Defaulter by any Bank or Financial Institution or other Lender.

d. **Relationship with Struck off Companies :** During the year, the Group does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

e. **Registration of charges or satisfaction with Registrar of Companies (ROC):** In case of borrowings, there are no charges or satisfaction pending for registration with ROC beyond the statutory period.

f. **Compliance with number of layers of companies:** The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

g. **Ratios:**

(₹ in million)

Particulars	As at March 31, 2022
Capital to risk-weighted assets ratio (CRAR) (%)	30.48
Tier I CRAR (%)	21.10
Tier II CRAR (%)	9.38
Liquidity Coverage Ratio (%)	1079

The above ratios are disclosed based on standalone financial statements of IIFL Home Finance Limited.

Note: LCR computation is based on Management estimation of future inflows and outflows and not subjected to audit by auditors.

h. **Compliance with approved Scheme(s) of Arrangements:** NA

i. **Utilization of Borrowed funds and share premium:**

During the financial year ended March 31, 2022, other than the transactions undertaken in the normal course of business and in accordance with extant regulatory guidelines as applicable.

(i) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group 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 Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) No funds (which are material either individually or in the aggregate) have been received by the Group from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group 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;

j. **Undisclosed Income:** The Group does not have any transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Also, there are nil previously unrecorded

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

income and related assets.

k. **Details of Crypto Currency or Virtual Currency:** The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

l. **Capital work in progress (CWIP) and Intangible asset:** The Group does not have any CWIP and Intangible asset under development.

NOTE 39 FINANCIAL INSTRUMENTS

Note 39 A. Financial Risk Management

The Group's activities expose it to credit risk, liquidity risk and market risk comprising of interest rate risk, currency risk and price risk.

Risk management is integral to Group's strategy. The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing.

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.

Financial Risk Management Structure

The Group 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 Group. The RMC is empowered to develop an independent risk strategy comprising of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer (""CRO"") who reports to the Chief Executive Officer (""CEO"") with oversight of RMC of the Board. The Risk department primarily operationalizes risk management framework approved by RMC.

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.

The Group has a risk framework constituting various lines of defense – the first line of defense consisting of the Management of the Group being responsible for seamless integration of risk principles across all businesses. Additionally, it ensures managerial and supervisory controls to ensure compliance and highlight inadequate processes and unexpected events.

Independent risk and policy team constitutes second life of defense 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 defense that independently reviews activities of the first two lines of defense and reports to the Audit Committee of the Board.

The Group has 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.

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, analyzed and tested on timely basis. The same is presented to Risk Management Committee at periodic intervals.

39 A.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 risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. The Group ensures effective monitoring of credit facilities through a portfolio quality review framework. As per this process, a asset is reviewed at a frequency determined based on the risk it carries at the review date. For effective risk management, the Group monitors its portfolio, based on product, underlying security and credit risk characteristics.

39 A.1(I) Credit Risk Grading of loans and loss allowances

The credit quality review 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. An independent risk and policy team reviews adherence to policies and processes and carries out audit on periodic basis.

The Group has initiated portfolio quality review mechanism which enables analysis of portfolio along various behavioral, 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 and improve sourcing quality in the long run.

The Group applies general approach to provide for credit losses prescribed by Ind AS 109, which provides to recognize 12-months expected credit losses where credit risk has not increased significantly since initial recognition and to recognize lifetime expected credit losses for financial instruments for which there has been significant increase in credit risk since initial recognition, considering all reasonable present and forward looking information, including that of forward looking.

Owing to the prevailing situation, additional Management overlay on account of COVID-19 has been considered in the ECL calculations for arriving at the impairment provisions required under IND AS 109.

The Group categorizes loan assets into stages based on the Days Past Due status: -

Stage 1: [0-31 days Past Due] It represents exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination.

Stage 2: [32-90 days Past Due] The Group collectively assesses ECL on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Group recognizes as a collective provision, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

Stage 3: [More than 90 days Past Due] The Group identifies, both collectively and individually, ECL on those exposures that are assessed as credit impaired based on whether one or more events, that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Additionally, the Company evaluates risk based on staging which are as follows:

(₹ in million)

Risk Categorization	As at March 31, 2022
Stage 1	145,111.56
Stage 2	9,631.04
Stage 3	3,887.02
Total	**158,629.62**

Financial Assets measured at Simplified Approach

"The Group follows 'simplified approach' for recognition of impairment loss allowance on Cash and Cash Equivalents, Bank Balances, Unsecured Inter Corporate Deposits to group companies 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.

The Management of the Group expects no defaults in the above mentioned financial assets and insignificant history of defaults has been observed by the Management in the previous years on such Financial Assets. Hence, no ECL has been recognized on the above mentioned Financial assets as at the reporting date."

39 A.1(II) Credit quality analysis

(a). The following tables sets out information about the credit quality of financial assets. 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, 2022 (Contd.)

(₹ in million)

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 at Simplified Approach	Total
Cash and cash equivalents	-	-	-	13,996.22	**13,996.22**
Bank Balance other than above	-	-	-	4,332.94	**4,332.94**
Receivables					
(i) Trade Receivables	366.02	3.85	-	-	**369.87**
Loans at FVTOCI	29,127.22	-	-	-	**29,127.22**
Loans at amortized cost	115,984.34	9,631.04	3,887.02	-	**129,502.40**
Other Financial assets	-	-	-	3,586.22	**3,586.22**

(b). The following tables show reconciliations from the opening to the closing balance of the Exposure At Default (EAD) and Expected Credit Loss (ECL) by class of financial instrument.

Loans and advances

(₹ in million)

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 Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others*
Opening EAD April 01, 2021	**136,619.88**	**14,907.77**	**9,005.07**	**718.16**	**2,694.90**	**603.20**	**148,319.85**	**16,229.13**
New Loans Disbursed during the year	82,605.56	-	409.07	-	104.45	-	**83,119.08**	-
Loan Derecognized	(37,966.31)	(452.33)	(809.75)	(110.70)	(983.57)	(210.74)	**(39,759.63)**	**(773.77)**
Movement in Stages	-	-	-	-	-	-		-
From Stage 1	(7,246.16)	(529.20)	5,967.97	426.81	1,278.20	102.39	-	-
From Stage 2	2,864.86	240.76	(3,334.37)	(277.19)	469.51	36.43	-	-
From Stage 3	320.07	51.16	52.77	4.83	(372.84)	(55.99)	-	-
Loans Repaid in part or full	(33,108.57)	3,014.42	(2,014.95)	(90.37)	(27.68)	247.63	**(35,151.19)**	**3,171.68**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	2.02	-	(0.57)	-	1.13	-	**2.58**
Closing EAD March 31, 2022	**144,089.33**	**17,234.60**	**9,275.81**	**670.97**	**3,162.97**	**724.05**	**156,528.11**	**18,629.62**

*Includes amount w.r.t. sanctioned but un-disbursed considered for ECL of ₹ 16,527.55 million.

Loss Allowances

(₹ in million)

Reconciliation of Loss Allowances	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 Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others*
Opening ECL April 01, 2021	**2,019.50**	**107.60**	**813.83**	**51.11**	**994.05**	**608.59**	**3,827.38**	**767.30**
New Loans Disbursed during the year	660.01	50.51	46.77	2.81	37.16	6.51	**743.94**	**59.83**
Loan Derecognized	(252.42)	(7.91)	(56.74)	(3.29)	(375.06)	(211.82)	**(684.22)**	**(223.02)**
Movement in Stages	-	-	-	-	-	-		
From Stage 1	(258.40)	(4.23)	206.08	3.46	52.32	0.77	-	-
From Stage 2	174.74	7.74	(231.34)	(12.56)	56.60	4.82	-	-
From Stage 3	112.93	51.18	18.35	4.89	(131.29)	(56.07)	-	-
Loans Repaid in part or full	(132.96)	(109.65)	525.67	26.75	555.67	377.15	**948.38**	**294.25**
Changes in contractual cash flow due to modification not resulting in de-recognition	-	-	-	-	-	-	-	-
Closing ECL March 31, 2022	**2,323.40**	**95.24**	**1,322.62**	**73.17**	**1,189.45**	**729.95**	**4,835.47**	**898.36**

*Includes ECL w.r.t. sanctioned but un-disbursed of ₹ 76.74 million.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

39 A.1(III) Concentrations 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 products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Group does not have concentration risk.

62% of the Company's Loan outstanding is from Borrowers residing across 5 various states of India

39 A.1(IV) Contractual amount outstanding on financial assets that were written off during the reporting year

(₹ in million)

Particulars	2021-22
Write off	548.39

39 A.1(V) Collateral held

The Company is in the business of extending secured loans backed by mortgage of property (residential or commercial). This also includes cross-collateralization on other property(ies) of the borrower. The Company assesses and monitors value of the collaterals periodically on the basis of the internal policy. In case required, the Company also requests for additional collateral(s).

In normal course of business, the Company does not physically repossess properties or collaterals. Once contractual loan repayments are more than 90 days past due, repossession of property(ies) may be initiated under the provisions of the SARFAESI Act, 2002. Repossessed property(ies) is disposed of in the manner prescribed in the SARFAESI Act, 2002, to recover outstanding debt.

39 A.1(VI) Modified financial assets

For financial assets, such as a loan to a customer, where 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 or loss based on the change in cash flows discounted at the original EIR (Effective Interest Rate).

(₹ in million)

Particulars	2021-22
Amortized Cost of Modified Assets at the time of modification	4,865.47
Modification (Gain)/Loss for the year	(2.59)

(₹ in million)

Particulars	As at March 31, 2022
Carrying amount of Modified financial assets	6,277.89

The terms of the assets have been modified in accordance with NHB (Directions)/RBI (HFC) Directions and as per RBI Notification "Resolution Framework for COVID-19-related Stress".

39 A.2 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 by having access to funding through an adequate amount of credit lines. Further, The Group has defined Asset Liability Management (ALM) Framework with an 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(i) Maturities of financial liabilities

(₹ in million)

Contractual maturities of financial liabilities 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	50.58	-	-	-	50.58	-	-
Trade Payables	509.40	509.40	-	-	-	-	-
Finance Lease Obligation*	332.94	19.20	18.87	37.42	136.16	60.87	60.42
Debt Securities	22,179.85	1,952.24	886.86	107.83	3,465.66	2,124.98	13,642.28
Borrowings (Other than Debt Securities)	109,449.35	5,644.01	6,805.72	13,086.27	39,529.95	20,702.55	23,680.85
Subordinated Liabilities	10,576.86	31.09	97.15	0.82	650.00	-	9,797.80
Other financial liabilities	9,444.46	9,444.46	-	-	-	-	-

*Contractual maturities of financial lease obligation are on undiscounted basis.

39 A.3 Market Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

Financial institutions may be exposed to Market Risk in variety of ways. Market risk exposure may be explicit in portfolios of securities/equities and instruments that are actively traded. Conversely it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off-balance sheet item. Therefore market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

The Group's exposure to market risk is primarily on account of interest rate risk, foreign exchange risk and price risk.

39 A.3(I) Interest rate risk

Interest rate risk is the risk where changes in market interest rates might adversely affect the entity's financial condition. The rise or fall in interest rates impact the Group's Net Interest Income.

Total Borrowings of the Group are as follows:

(₹ in million)

Particulars	As at March 31, 2022
Floating rate borrowings	82,103.00
Fixed rate borrowings	60,103.06
Total borrowings	**142,206.06**

As at the end of the reporting year, the Group had the following floating rate borrowings and cross currency interest rate swap contracts outstanding:

(₹ in million)

Particulars	As at March 31, 2022		
	Weighted average interest rate	Balance	% of total loans
Bank loans and bank overdrafts and Securitization Liability	8.19%	81,812.26	57.53%
Non Convertible Debentures	7.37%	290.74	0.20%
Net exposure to cash flow interest rate risk		**82,103.00**	**57.75%**

An analysis by maturities is provided in note 39 A 2(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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022		
	Weighted average interest rate	Balance	% of total loans
Cross Currency Interest Rate Swaps	9.36%	3,876.44	2.73%

The Group had following floating rate loans and advances outstanding:

(₹ in million)

Particulars	As at March 31, 2022		
	Weighted average interest rate	Balance	% of total loans
Loans*	11.44%	158,629.60	100.00%

*Since certain loans disbursed by Group carry a fix rate of interest only for an initial short tenure of the loan, all loans granted are considered to be floating rate loans

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

(₹ in million)

Particulars	Impact on profit after tax	Impact on other components of equity
	2021-22	2021-22
Interest rates – increase by 30 basis points (30 bps) *	(184.32)	-
Interest rates – decrease by 30 basis points (30 bps) *	184.32	-

* Holding all other variables constant

Profit or loss is sensitive to higher/lower interest income from loans and advances as a result of changes in interest rates.

(₹ in million)

Particulars	Impact on profit after tax
	2021-22
Interest rates – increase by 30 basis points (30 bps) *	356.12
Interest rates – decrease by 30 basis points (30 bps) *	(356.12)

* Holding all other variables constant

39 A.3(II) 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).

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 Group follows a conservative policy of hedging its foreign currency exposure through Forwards and/or Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Group's profit before tax (PBT) and equity.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	Amount Outstanding	
	In ₹	In USD
Borrowing as on March 31, 2022	3,876.44	50.00

Since the Group has entered into derivative transaction to hedge this borrowing, the Group is not exposed to any currency risk on this borrowing.

39 A.3(III) Price Risk

"The Group's investments carry a risk of change in prices. To manage its price risk arising from investments, the Group periodically monitors the performance of the investee.

The Group's exposure to assets having price risk is insignificant.

39 A.3(IV) Competitions Risk

Group offers a range of mortgage products such as home loan, loans against property and construction of real estate. These are provided to a broad segment of customers including salaried and self-employed personnel and corporates. We face competition primarily from other HFCs. The major competitive factors among the peer group are an extensive branch network, greater funding capabilities, wider range of products and services, and advanced technology offerings.

39.B 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 using a capital adequacy ratio as prescribed by the NHB Directions/RBI Directions.

(₹ in million)

Particulars	As at March 31, 2022
Net Debt (₹ in million)	142,206.07
Total Equity (₹ in million)	27,036.90
Net Debt to Equity Ratio (times)	5.26

39.B.1 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.

The Group evaluates the significance of financial instruments and material accuracy of the valuations incorporated in the financial statements as they involve a high degree of judgement and estimation uncertainty in determining the carrying values of financial assets and liabilities at the balance sheet date. Fair value of financial instruments is determined using valuation techniques and estimates which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments. In determining the valuation of financial instruments, the Group makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 instruments, and the significant valuation judgements in respect of Level 3 instruments.

The following table shows an analysis of financial instruments:

(₹ in million)

Particulars	As at March 31, 2022		
	FVTPL	FVTOCI	Amortized cost
Financial assets			
Cash and cash equivalents	-	-	13,996.22
Bank Balance other than cash and cash equivalents	-	-	4,332.94

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022		
	FVTPL	FVTOCI	Amortized cost
Receivables			
(i) Trade Receivables	-	-	369.10
Loans	-	28,854.00	124,048.21
Investments	1,440.00	-	95.91
Other Financial assets	-	-	3,578.17
Total financial assets	**1,440.00**	**28,854.00**	**146,420.55**
Financial liabilities			
Derivative financial instruments	-	50.58	-
Trade Payables	-	-	509.40
Finance Lease Obligation	-	-	256.37
Debt Securities	-	-	22,179.86
Borrowings (Other than Debt Securities)	-	-	109,449.34
Subordinated Liabilities	-	-	10,576.86
Other financial liabilities	-	-	9,444.46
Total financial liabilities	**-**	**50.58**	**152,416.29**

39.B.2 Financial instruments measured at fair value – Fair value hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Group recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

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.

(₹ in million)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Loans - FVTOCI	-	-	28,854.00	28,854.00
Investments				
(i) Alternate Investment Fund	-	1,440.00	-	1,440.00
Total financial assets	**-**	**1,440.00**	**28,854.00**	**30,294.00**
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	50.58	-	50.58
Total financial liabilities	**-**	**50.58**	**-**	**50.58**

Valuation technique used to determine fair value

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date
2. Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2022	Fair value	Carrying value	Fair value hierarchy
Financial Liabilities			
Debt Securities	21,401.78	22,179.86	Level 3
Subordinated Liabilities	10,466.09	10,576.86	Level 3
Total financial liabilities	**31,867.87**	**32,756.72**	

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.

(i) **Loans:** The cash flows at the fixed rate were discounted to present value at the applicable internal benchmark rates . This value, as estimated, was discounted to present value at the applicable rates to determine their fair value.

(ii) **Equity instruments:** Equity instruments in non-listed entities are initially recognized at transaction price and re-measured (to the extent information is available) and valued on a case-by-case basis and classified as Level 3.

(iii) **Debt Securities and Subordinated Liabilities:** The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value.

(iv) **Financial assets and liabilities:** For financial assets and financial liabilities that have a short-term nature and long term financial assets and liabilities having floating rate structure , carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, loans, investment in debt securities, trade payables, lease liabilities, borrowings (other than debt securities), other financial assets and liabilities.

39.B.3 Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

(₹ in million)

Particulars	Loans - FVTOCI
	As at March 31, 2022
Opening Balance	23,266.91
Sold during the year	(24,710.22)
Re-classified to amortized cost	(8,210.67)
Issuances	38,507.98
Closing Balance	**28,854.00**

40.1 Transferred financial assets that are derecognized in their entirety

During the year, the Company has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been 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 Company's business model remains to hold the assets for collecting contractual cash flows.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

The table below summarizes the carrying amount of the derecognized financial assets measured at FVTOCI and the gain/(loss) on derecognition:

(₹ in million)

Loans and advances	2021-22
Carrying amount of derecognized financial assets	24,710.22
Gain from derecognition for the year	1,045.58

The table below summarizes the carrying amount of the continuing involvement in derecognized financial assets

(₹ in million)

Loans and advances	As at March 31, 2022
Carrying amount of continuing involvement in derecognized financial assets	8,383.87

40.2 Transferred financial assets that are not derecognized in their entirety:

The Company 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 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 million)

Securitizations	As at March 31, 2022
Carrying amount of transferred assets measured at amortized cost	4,169.52
Carrying amount of associated liabilities	4,172.92
Fair value of assets	4,169.52
Fair value of associated liabilities	4,172.92

40.3 Re-classification of financial assets to amortized cost category

(₹ in million)

Particulars	As at March 31, 2022
Fair value of financial assets re-classified as amortized cost	7,935.67
Fair value of gain/loss would have been recognized in profit or loss or other comprehensive income	(6.40)

40.4 Re-classification of financial assets from Fair Value Through Other Comprehensive Income to Amortized Cost

Particulars	As at March 31, 2022
Date of reclassification	July 2021 to March 2022
Reclassification amount (₹ in million)	8,210.67

Note: The Company has reclassified the above assets due to change in business model in respect of the specified assets. These assets are now intended to be held to collect the contractual cashflow.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

41. RELATED PARTY DISCLOSURES AS PER IND AS – 24 "RELATED PARTY DISCLOSURE" FOR THE YEAR ENDED MARCH 31, 2022

Nature of relationship	Name of Party
Holding company	IIFL Finance Limited
Fellow Subsidiary and Associate	IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)
Other Related Parties (Due to common Promoter)	IIFL Facilities Services Limited
	IIFL Securities Limited
	IIFL Wealth Management Limited
	IIFL Wealth Finance Limited
	IIFL Management Services Limited
	Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)
	Livlong Protection and Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)
	IIFL Commodities Limited
	IIFL Wealth Distribution Services Limited
	5Paisa Capital Limited
	India Infoline Foundation
Key Management Personnel and other Directors	Mr. Nirmal Jain - Non-Executive Director
	Mr. R. Venkataraman - Non Executive Director
	Mr. S. Sridhar - Chairman and Independent Director
	Mr. AK Purwar - Independent Director
	Mr. Kranti Sinha - Independent Director
	Ms. Suvalaxmi Chakraborty - Independent Director (ceased w.e.f. June 15, 2021)
	Ms. Mohua Mukherjee- Independent Director (w.e.f. August 26, 2021)

List includes related parties with whom transactions were carried out during current year.

41.A Significant transactions with related parties:

(₹ in million)

Nature of Transaction	Holding Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Interest Expense					
IIFL Finance Limited	201.61	-	-	-	201.61
IIFL Securities Limited	-	-	3.31	-	3.31
IIFL Facilities Services Limited	-	-	0.70	-	0.70
IIFL Management Services Limited	-	-	1.60	-	1.60
Service Fees Income for Mortgage Portfolio					
IIFL Finance Limited	15.59	-	-	-	15.59
Corporate Social Responsibility Expense (CSR)					
India Infoline Foundation	-	-	70.70	-	70.70
Arranger fees Expense					
IIFL Finance Limited	0.43	-	-	-	0.43
IIFL Securities Limited	-	-	6.40	-	6.40
IIFL Wealth Distribution Services Limited	-	-	1.60	-	1.60
Commission/Brokerage Expense					
IIFL Securities Limited	-	-	232.52	-	232.52
Remuneration and Compensation to KMP					

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Nature of Transaction	Holding Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Mr. Monu Ratra - Short Term Benefit	-	-	-	49.33	49.33
Mr. Monu Ratra - Post Employment Benefit	-	-	-	0.16	0.16
Sitting Fees paid to Directors					
Mr. Kranti Sinha	-	-	-	0.68	0.68
Mr. S. Sridhar	-	-	-	0.77	0.77
Ms. Suvalaxmi Chakraborty	-	-	-	0.15	0.15
Mr. AK Purwar	-	-	-	0.31	0.31
Ms. Mohua Mukherjee	-	-	-	0.19	0.19
Commission to Directors					
Mr. Kranti Sinha	-	-	-	1.00	1.00
Mr. S. Sridhar	-	-	-	1.20	1.20
Ms. Mohua Mukherjee	-	-	-	0.60	0.60
Interim Dividend Payment					
IIFL Finance Limited	629.05	-	-	-	629.05
ICD Taken					
IIFL Finance Limited	32,844.00	-	-	-	32,844.00
IIFL Facilities Services Limited	-	-	450.00	-	450.00
ICD Returned					
IIFL Finance Limited	32,844.00	-	-	-	32,844.00
IIFL Facilities Services Limited	-	-	450.00	-	450.00
ICD/Loan Given					
IIFL Finance Limited	4,210.00	-	-	-	4,210.00
ICD/Loan received back					
IIFL Finance Limited	4,210.00	-	-	-	4,210.00
Purchase of Investment					
IIFL Finance Limited	1,440.00	-	-	-	1,440.00
Equity Shares Allotment					
IIFL Samasta Finance Limited	-	750.00	-	-	750.00
Allocation of expenses paid					
IIFL Securities Limited	-	-	44.67	-	44.67
IIFL Management Services Limited	-	-	0.85	-	0.85
IIFL Finance Limited	49.65	-	-	-	49.65
IIFL Facilities Services Limited	-	-	7.37	-	7.37
Reimbursement paid					
IIFL Securities Limited	-	-	3.17	-	3.17
IIFL Facilities Services Limited	-	-	0.01	-	0.01
IIFL Finance Limited	5.83	-	-	-	5.83
IIFL Management Services Limited	-	-	0.00	-	0.00
Livlong Insurance Brokers Limited	-	-	0.09	-	0.09
5Paisa Capital Limited	-	-	0.87	-	0.87
IIFL Wealth Management Limited	-	-	0.00	-	0.00
ESOP					
IIFL Securities Limited	-	-	0.02	-	0.02
IIFL Finance Limited	11.34	-	-	-	11.34
Allocation of expenses received					
IIFL Management Services Limited	-	-	0.00	-	0.00
IIFL Securities Limited	-	-	3.99	-	3.99
5Paisa Capital Limited	-	-	0.00	-	0.00
IIFL Finance Limited	9.10	-	-	-	9.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Nature of Transaction	Holding Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Reimbursement received					
IIFL Securities Limited	-	-	2.82	-	2.82
IIFL Finance Limited	2.63	-	-	-	2.63
IIFL Management Services Limited	-	-	0.04	-	0.04
IIFL Facilities Services Limited	-	-	0.00	-	0.00
5Paisa Capital Limited	-	-	0.33	-	0.33
Livlong Insurance Brokers Limited	-	-	0.20	-	0.20
Livlong Protection and Wellness Solutions Limited	-	-	0.08	-	0.08
Payment of Assignment Transactions					
IIFL Finance Limited	901.44	-	-	-	901.44

41 B. Closing balance:

(₹ in million)

Nature of Transaction	Holding Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Payable to Group/Holding Company					
IIFL Facilities Services Limited	-	-	0.73	-	0.73
IIFL Securities Limited	-	-	0.04	-	0.04
IIFL Finance Limited	2.40	-	-	-	2.40
5paisa Capital Limited	-	-	0.06	-	0.06
IIFL Wealth Distribution Services Limited	-	-	1.81	-	1.81
Receivable from Group/Holding Company					
IIFL Management Services Limited	-	-	0.05	-	0.05
Livlong Insurance Brokers Limited	-	-	0.18	-	0.18
Livlong Protection and Wellness Solutions Limited	-	-	0.09	-	0.09
India Infoline Foundation	-	-	30.30	-	30.30
Debt Securities Outstanding					
IIFL Securities Limited	-	-	80.00	-	80.00
IIFL Management Services Limited	-	-	40.00	-	40.00
Provision for Post Employment Benefits					
Mr. Monu Ratra	-	-	-	2.53	2.53
Commission Payable					
Mr. Kranti Sinha	-	-	-	1.00	1.00
Mr. S. Sridhar	-	-	-	1.20	1.20
Ms. Mohua Mukherjee	-	-	-	0.60	0.60
Corporate Guarantee					
IIFL Finance Limited	8,454.96	-	-	-	8,454.96

41 C. 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 million)

Name of Related Party	Outstanding as on March 31, 2022	Maximum Out-standing during the year
IIFL Finance Limited	-	-

Note: Amount given as ICDs to IIFL Finance Limited is in the nature of intraday transaction hence maximum outstanding is zero.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 42. CURRENT AND NON CURRENT CLASSIFICATION - STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

(₹ in million)

Sr. no.	Particulars	Current	Non Current	Total
	ASSETS			
1	**Financial Assets**			
(a)	Cash and cash equivalents	13,996.22	-	**13,996.22**
(b)	Bank balance other than (a) above	2,842.37	1,490.57	**4,332.94**
(c)	Receivables	-		
	(I) Trade receivables	369.10	-	**369.10**
(d)	Loans	35,211.36	117,690.85	**152,902.21**
(e)	Investments	3.35	4,030.77	**4,034.12**
(f)	Other financial assets	22.97	3,555.20	**3,578.17**
2	**Non-financial Assets**			
(a)	Current tax assets (net)	-	55.06	**55.06**
(b)	Deferred tax assets (net)	-	641.97	**641.97**
(c)	Investment Property	-	66.30	**66.30**
(d)	Property, plant and equipment	-	65.74	**65.74**
(e)	Right of use assets	-	235.39	**235.39**
(f)	Other intangible assets	-	1.82	**1.82**
(g)	Other non-financial assets	47.09	0.65	**47.74**
(h)	Assets held for sale	96.99	-	**96.99**
	Total Assets	**52,589.45**	**127,834.32**	**180,423.77**
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Derivative financial instruments	-	50.58	**50.58**
(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	509.40	-	**509.40**
(c)	Finance Lease Obligation	62.41	193.96	**256.37**
(d)	Debt securities	2,946.93	19,232.93	**22,179.86**
(e)	Borrowings (other than debt securities)	25,536.01	83,913.33	**109,449.34**
(f)	Subordinated liabilities	129.06	10,447.80	**10,576.86**
(g)	Other financial liabilities	9,444.46	-	**9,444.46**
2	**Non-financial Liabilities**			
(a)	Current tax liabilities (net)	262.54	-	**262.54**
(b)	Provisions	96.19	46.47	**142.66**
(c)	Other non-financial liabilities	514.80	-	**514.80**
3	**Equity**			
(a)	Equity share capital	-	209.68	**209.68**
(b)	Other equity	-	26,827.22	**26,827.22**
(c)	Non-controlling interest	-	-	**-**
	Total liabilities and equity	**39,501.80**	**140,921.97**	**180,423.77**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

43. Additional information pursuant to para 2 of schedule III on general instructions for the preparations of Consolidated Financial Statements

(₹ in million)

Name of entity in the Group	Net Assets i.e Total Assets less Total Liabilities		Share in profit or loss		Share in other comprehensive		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in million)	As % of consolidated profit or loss	Amount (₹ in million)	As % of consolidated other comprehensive income	Amount (₹ in million)	As % of consolidated total comprehensive income	Amount (₹ in million)
IIFL Home Finance Limited	90.67%	24,514.71	97.40%	5,779.96	101.05%	199.04	97.52%	5,979.00
Indian Subsidiaries								
IIHFL Sales Limited	0.09%	23.98	0.47%	27.88	0.00%	-	0.45%	27.88
Non-controlling Interests in all subsidiaries	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Indian Associates (Investment as per the equity method)								
IIFL Samasta Finance Limited (formerly Samasta Microfinance Limited)	9.24%	2,498.21	2.13%	126.51	-1.05%	(2.07)	2.03%	124.44
Total	**100.00%**	**27,036.90**	**100.00%**	**5,934.35**	**100.00%**	**196.97**	**100.00%**	**6,131.32**

44. The Group has prepared and presented Consolidated Financial Statements for the first time in 2021-22. Hence, previous year comparatives are not available and not presented. Further, amounts appearing in cash flow statement for 2021-22 are compiled based on unaudited opening cash and cash equivalents as at April 01, 2021, which is neither audited nor reviewed by statutory auditors.

45. These financial statements were authorized for issue by the Company's Board of Directors on April 25, 2022.

For and on behalf of the Board of Directors of
IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: April 25, 2022

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures as on March 31, 2022

Part "A": Subsidiaries

(₹ in million)

Sr no.	Particulars	IIHFL Sales Limited
1	Share capital	0.50
2	Reserves and surplus/Other Equity	27.88
3	Total assets	127.67
4	Total Liabilities	99.29
5	Investments	-
6	Total Turnover	74.98
7	Profit before taxation	37.83
8	Provision for taxation	9.95
9	Profit after taxation	27.88
10	Proposed Dividend	-
11	% of shareholding	100%

Reporting period for the subsidiary is same as holding company

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr no.	Particulars	IIFL Samasta Finance Limited
1	Latest audited Balance Sheet Date	March 31, 2022
2	Shares of Associate/Joint Ventures held by the Company on the year end	
	Number	124,555,797
	Amount of Investment in Associates/Joint Venture (₹ in million)	2,296.23
	Extend of Holding %	25%
3	Description of how there is significant influence	% holding more than 20%
4	Reason why the associate/joint venture is not consolidated	NA
5	Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in million)	9,992.83
6	Profit/Loss for the year (₹ in million)	497.76
7	Considered in Consolidation (₹ in million)	124.44
8	Not Considered in Consolidation (₹ in million)	373.32

For and on behalf of the Board of Directors of IIFL Home Finance Limited

R. Venkataraman
Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra
Executive Director & CEO
(DIN: 07406284)
Place: Gurugram

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: April 25, 2022

Corporate Information

BOARD OF DIRECTORS

- **S. Sridhar**
  Chairman & Independent Director
- **Kranti Sinha**
  Independent Director
- **Arun Kumar Purwar**
  Independent Director
- **Mohua Mukherjee**
  Independent Director
- **Nirmal Jain**
  Non-Executive Director
- **R. Venkataraman**
  Non-Executive Director
- **Monu Ratra**
  Executive Director & CEO

Chief Financial Officer
- **Amit Gupta**

Company Secretary
- **Ajay Jaiswal**

Auditors
- **M/s. MP Chitale & Co.**
  Chartered Accountants
- **M/s. Suresh Surana & Associates LLP**
  Chartered Accountants

Internal Auditors
- **M/s. KPMG**
  Chartered Accountants

COMMITTEES OF BOARD

Audit Committee
- **Kranti Sinha**
- **R. Venkataraman**
- **S. Sridhar**

Nomination and Remuneration Committee
- **Kranti Sinha**
- **R. Venkataraman**
- **S. Sridhar**

CSR Committee
- **Kranti Sinha**
- **Mohua Mukherjee**
- **Monu Ratra**
- **R. Venkataraman**

Stakeholder Relationship Committee
- **Kranti Sinha**
- **Monu Ratra**
- **R Venkataraman**

Asset Liability Committee (ALCO)
- **Monu Ratra**
- **Nirmal Jain**
- **R. Venkataraman**

Finance Committee
- **Monu Ratra**
- **R. Venkatraman**

Risk Management Committee
- **Abhishikta Munjal**
- **Govind Modani**
- **Kranti Sinha**
- **Mohua Mukherjee**
- **Monu Ratra**
- **S. Sridhar**

ESG Committee
- **Abhishikta Munjal**
- **Ajay Jaiswal**
- **Mohua Mukherjee**
- **Monu Ratra**
- **Rachit Gehani**
- **Rashmi Priya**
- **S. Sridhar**

IT Strategy Committee
- **Abhishikta Munjal**
- **Aditya Sisodia**
- **Arun Kumar Purwar**
- **Mitesh Vora**
- **Monu Ratra**
- **Rachit Gehani**
- **Shanker Ramrakhiani**
- **S. Sridhar**

CORE MANAGEMENT TEAM

- **Abhishikta Chadda Munjal**
  Chief Risk Officer
- **Anjali Chadha**
  Head – Operations & Customer Service
- **Govind Modani**
  Head – Treasury
- **Iqbal Farooqui**
  Head – Collections & Recovery
- **Lokesh Goyal**
  Head – Collateral Risk
- **Madhvi Gupta**
  Head – Marketing & Communications
- **Manoj Kumar**
  Head – Legal
- **Mohit Kumar**
  Head – Credit Underwriting
- **Rachit Gehani**
  Chief Information Officer & Digital Strategy Head
- **Rashmi Priya**
  Head – Human Resources
- **Upendra Jaiswal**
  Head – Internal Audit

Registrar and Transfer Agent
Link Intime India Private Limited
C 101, 247 Park,
L.B.S. Vikhroli (West),
Mumbai – 400 083

Registered Office
IIFL House, Sun Infotech Park
Road no. 16V, Plot no. B-23,
MIDC Thane Industrial Area,
Wagle Estate, Thane – 400604

Corporate Office
IIFL Tower, 98, Udyog Vihar
Phase – IV, Gurgaon - 122015

List of Bankers/ Financial Institutions
Bandhan Bank · Bank of Baroda · Bank of India · Bank of Maharashtra · Canara Bank · Central Bank of India · DCB Bank Limited · HDFC Bank Limited · HSBC Bank · ICICI Bank Limited · IDFC First Bank · Indian Bank · Indian Overseas Bank · Karnataka Bank · LIC Housing Finance Limited · National Housing Bank · Punjab & Sind Bank · Punjab National Bank · RBL Bank Limited · Shinhan Bank Co. Limited · Standard Chartered Bank · State Bank of India · Union Bank of India

1ST MILLION HOMES

By March 2027

IIFL HOME LOAN

IIFL Home Finance Limited

CIN No. U65993MH2006PLC166475

Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400604

Corporate Office: Plot No.98, Udyog Vihar, Phase - IV, Gurgaon – 122015

Tel: (91-22) 6788 1000 | Fax: (91-22) 6788 1010

Website: **www.iiflhomeloans.com**

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