IIFL HOME LOAN

Building HOMES on a strong foundation

IIFL Home Finance Limited | Annual Report 2018-19

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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 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 of this Annual Report.

A home is a place which witnesses true love, laughter, happiness, excitement, care, blessings, peace, traditions, creativity, bonding and lifetime memories.

The feeling of buying the first home gives a sense of belonging and security along with immense satisfaction. It is likely the biggest investment for most Indians.

Standing firm on a strong foundation, IIFL Home Finance Ltd. is committed to fulfil the dreams of aspiring home buyers. We aim to create superior value, opportunities and experiences by availing accessible home loans to economically weaker section and the lower-class segment of the society. Our rich experience and expertise uniquely position us to leverage on the solid fundamentals that we have created over the years.

Today, IIFL Home Finance Ltd. is well-positioned on the housing finance landscape as an organisation having supported millions of Indians build their first home. With a strong core, prudent strategies and digital transformation, we are set to become the country's first fin-tech housing finance Company.

Our integrated vision is to focus on efficiency, management and productivity through the growth initiatives for our key strategic pillars – employees, organisation, society and the environment. **We also intend to incorporate Environmental, Social and Governance (ESG) initiatives within our business ecosystem to offer a wholesome value-creation for all the stakeholders of the Company.**


CLSS

IIFL Home Finance Limited at a glance

IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited) is a wholly-owned subsidiary of India Infoline Finance Limited and registered with the National Housing Bank (NHB). Incorporated in 2006, the Company is amongst India's leading and fastest growing housing finance company. We offer a variety of financial products such as small ticket sized home loans, secured MSME Loans and project loans, among others.

By catering the credit requirements of the economically-weaker section, the lower and middle-class segment of the society, we help them realise their dream of owning a home. The Company has built a strong foundation of innovative products, highly-digitised end-to-end processes and extensive distribution network across the country.

Our skilful workforce is committed towards fulfilling the housing loan segment's evolving requirements. With a solid credit approval system and an adequate risk control mechanism in place, we ensure sound asset quality for our customers.

The Company's vision symbolises a culture of growth, energy, harmony and determination. We aim for sustainable development across business segments.

₹ 181,578 million
Assets Under Management

₹ 18,457 million
Total Income for the year ended March 31, 2019

₹ 3,064 million
Profit After Tax for the year ended March 31, 2019

0.88%
Gross Stage 3#

84,800+
Happy Customers

2,320
Workforce

Figures as per Ind AS

Our Product Portfolio

Home Loans

- Financial assistance for home purchase, home renovation, home construction and plot purchase
- Swaraj Home Loans with an average ticket size of ₹ 1.3 million to cater the needs of the underserved customers

Secured MSME Loans

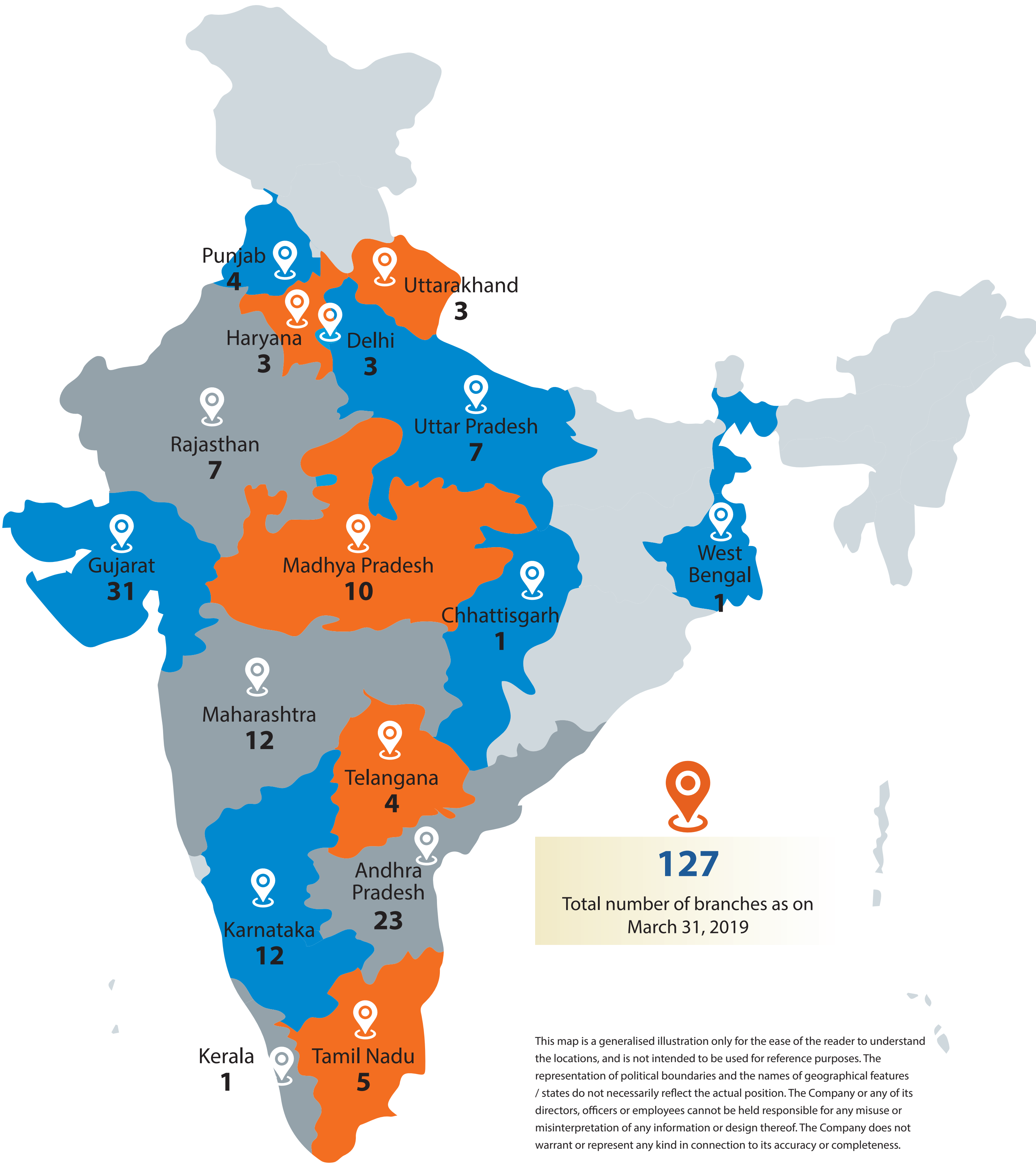
- Loans backed by mortgage of residential or commercial properties to small and medium enterprises
- Used for meeting working capital requirement, business use and purchase of commercial property
- Focused product for MSME customers with small ticket size product - Samman Loan Against Property

Project Loans

- Loans to meet the funding needs of developers for construction and promoting affordable housing units
- Several tie-ups with developers for availing credit to the property buyers under the retail home loan category

Our expanding footprints

During the year, we strategically expanded our distribution network to over 127 branches across 17 states to support mid-income affordable housing segment. In addition to our branches and online sourcing channels, we also plan to capitalise on IIFL Group's vast network of 1900+ touch points to reach potential customers in tier-II and tier-III cities.



127

Total number of branches as on March 31, 2019

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

Building homes with the right support

Customer Success Stories

Hemlata and Hansraj

CLSS Subsidy Amount: ₹ 2,49,687

City: New Delhi

To support the family, Hemlata helps her husband, a cab driver, through her tailoring business. Their rented house had seepage problem during rain every year.

"With assistance from IIFL Home Loan, we managed to buy our own home by availing CLSS subsidy under 'Pradhan Mantri AwasYojana'. We extend our heartfelt thanks to IIFL Home Loan for their great support."

E. Saritha and E.T. Reddy

CLSS Subsidy Amount: ₹ 2,67,280

City: Saifabad, Hyderabad

E.T. Reddy, who works in a private company, lived in rented house for a long time. The family decided to buy their own home in order to save rent expenses.

"IIFL Home Loan supported us realise our dream of owning a home by availing CLSS subsidy under 'Pradhan Mantri AwasYojana'. We are immensely thankful to IIFL Home Loan for the right guidance."

Priyanka and R. Nigam

CLSS Subsidy Amount: ₹ 2,67,280

City: Premnagar, Dehradun

R. Nigam has a water boring business while Priyanka is a homemaker. They lived in a rented house for many years.

"As soon as we got to know about IIFL Home Loan, we immediately visited the closest branch and our loan was sanctioned quickly. Thanks to IIFL Home Loan, we now celebrate festivals in our own home."

Kalpa and Santosh Kumar

CLSS Subsidy Amount: ₹ 2,67,280

City: Ahmedabad

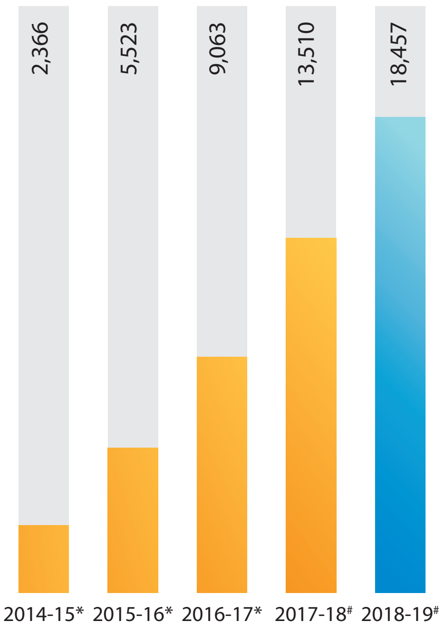
With limited resource of income, Kalpa and Santosh Kumar never imagined that they could buy their own home as their earnings were majorly spent on children's education and basic necessities of the family.

"IIFL helped us to avail CLSS subsidy, which enabled us to buy our own home. I would like to thank IIFL Home Loan from the bottom of my heart for changing our lives."

CLSS: Credit Linked Subsidy Scheme

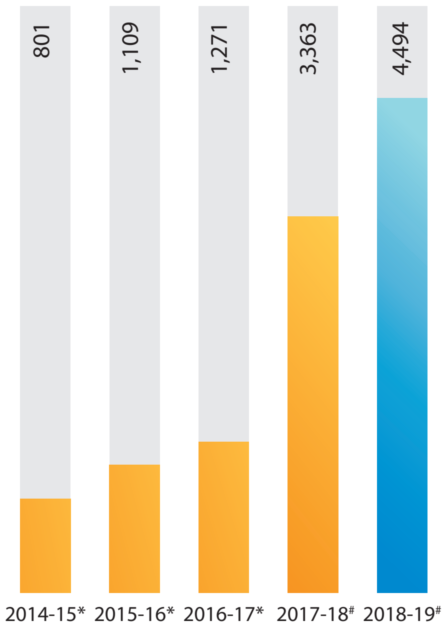
Financial strength

Revenue
(₹ million)



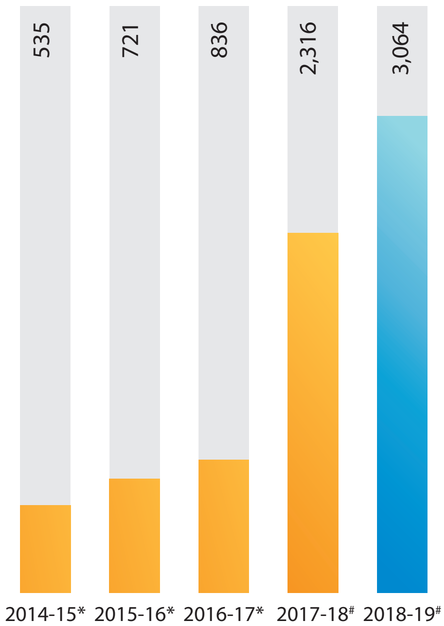
Y-o-Y Growth: **37%**

Profit before Tax
(₹ million)



Y-o-Y Growth: **34%**

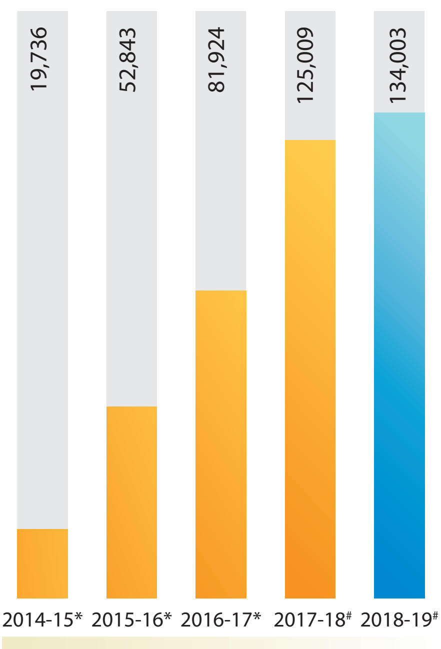
Profit after Tax
(₹ million)



Y-o-Y Growth: **32%**

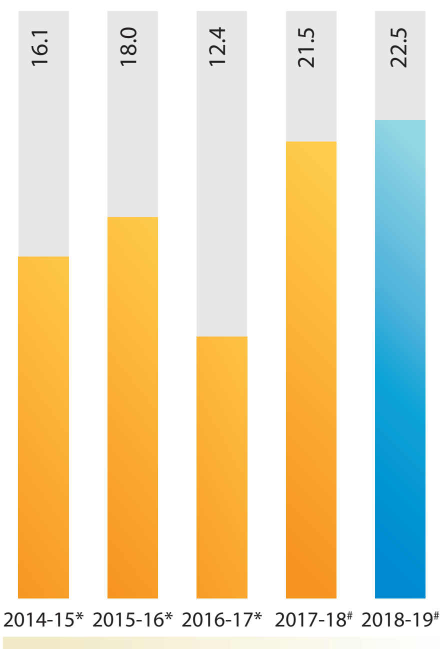
* Figures as per IGAAP | # Figures as per Ind AS

Loan Book
(₹ million)

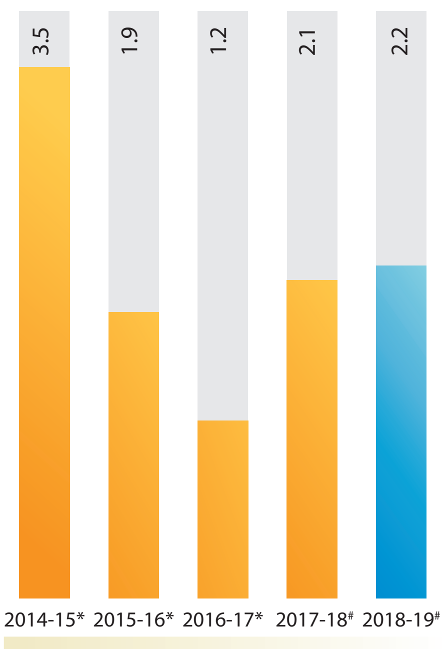


Y-o-Y Growth: **7%**

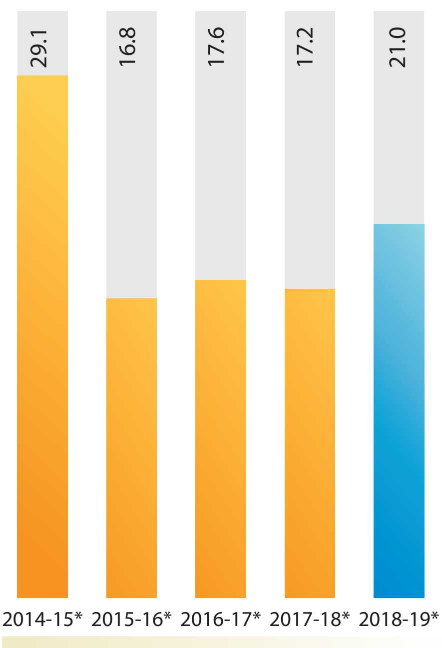
Return on Equity
(%)



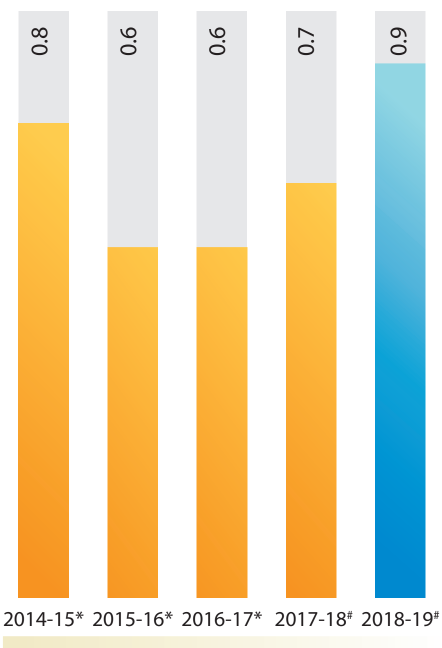
Return on Average Assets
(%)



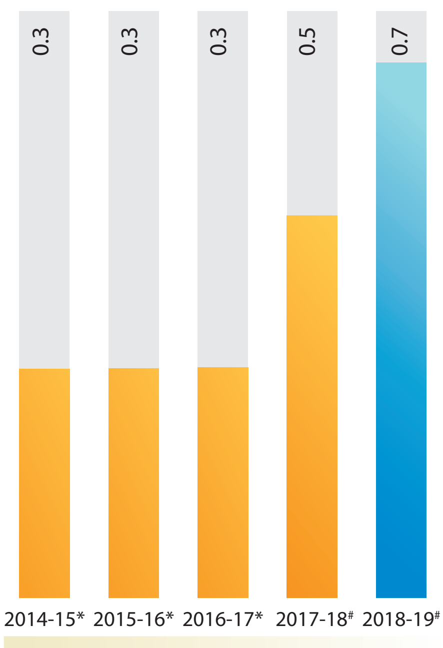
Capital Adequacy Ratio
(%)



Gross NPA / Gross Stage 3
(%)



Net NPA / Net Stage 3
(%)



* Figures as per IGAAP | # Figures as per Ind AS

Co-creating a sustainable future for all through value enhancing products

At IIFL Home Finance Ltd., we believe that our strong base and fundamental values have been the guiding force behind a sustainable business.

We are committed towards serving a broader purpose, not just by ensuring homes for all but by also spreading awareness about our customers' rights. Being a Responsible Social Corporate, we invest significant time and energy in giving back to the society. We guide, educate and inform our customers about the rights and benefits they are entitled to through plethora of products and services we offer. Our unique value proposition helps empower the economically weaker section (EWS), lower and middle-class segment of the society along with the communities around us.

Driving Financial Inclusion

Financial inclusion is cardinal for lifting people out of poverty. It is a prerogative for the overall economic development. It is a means to draw more women into the mainstream economic scenario and harnessing their contributions to the society.

Swaraj Home Loans

India is experiencing an accelerated urbanisation. The country is burgeoning with rising disposable income of the middle class. Owning a home is a significant milestone for a common man. Therefore, to address the increasing demand for affordable housing, the Government launched 'Housing for All by 2022' under the 'Pradhan Mantri Awas Yojna' (PMAY) which aims to construct 20 million dwelling units in selected urban areas.

At IIFL Home Finance Ltd., we realise our responsibility to contribute to the Government's vision. We offer Swaraj Home Loans with an average ticket size of ₹ 1.3 million to first time home buyers in the underserved segment of the society who may not have formal sources of income and documents. With humungous opportunities under the affordable housing segment, Swaraj Home Loan provides an attractive proposition to all potential customers along with benefits of Credit Linked Subsidy Scheme (CLSS).

We are well-positioned to emerge as the most preferred partner of all State Governments. We have collaborated with prominent state authorities like Maharashtra Government Housing Department, Haryana Housing Board, Surat Municipal Corporation, Andhra Pradesh NTR Housing Scheme, Chhattisgarh Housing Board, Gujarat Housing Board and Rajasthan Awas Vikas, among others.

₹ 14 billion

Disbursements under Swaraj Home Loans

Credit Linked Subsidy Scheme

IIFL Home Finance Ltd. reaches out to home aspirants by opening doors to their dream houses through easy home loans and significant subsidy benefits. We actively support the Government's goal of expanding institutional credit flow to meet the housing needs of urban poor. Under the Credit Linked Subsidy Scheme (CLSS), an interest subsidy of up to 6.5% is provided to our customers. This subsidy is for the first time home buyers with household income upto ₹ 1.8 million per month. IIFL Home Finance Ltd. continues to contribute remarkably in CLSS by emerging as one of the top two facilitators in EWS/LIG segment in the country.

₹ 6.93 billion+

Subsidy provided till March 31, 2019

29,000+

Families benefited through CLSS till March 31, 2019

Evolving with distinct identity and prudent strategies

With an ability to envision the invisible, IIFL Home Finance Ltd. remains intensely passionate about making home ownership a reality for its customers.

Keeping in line with our goals, we aim to achieve financial, ethical and sustainable growth, along with the latest technological advancements. Our position in the industry is built on a foundation of thoughtful strategies, efficient processes, ethical practices and superior credit quality - maximising value for all stakeholders.

Building a tech-enabled business ecosystem

Our digital journey started with the 'Jhatpat Loan' application, which facilitates instant home loan sanctions. Today, 80% of loans are disbursed through the 'Jhatpat Loan' application. The initiative has been instrumental in saving time and cost along with improving productivity and customer experience.

Our Digital Journey

2016-17

- Jhatpat Mobile App for salaried cases
- Instant decision through Loan Origination System
- Automated Business Rule Engine for instant decisions

2017-18

- Jhatpat Mobile App for self-employed cases
- Online payment integration
- Property Management System, allowing tracking of approved projects at inventory level
- Fintech partnerships for risk identification and mitigation

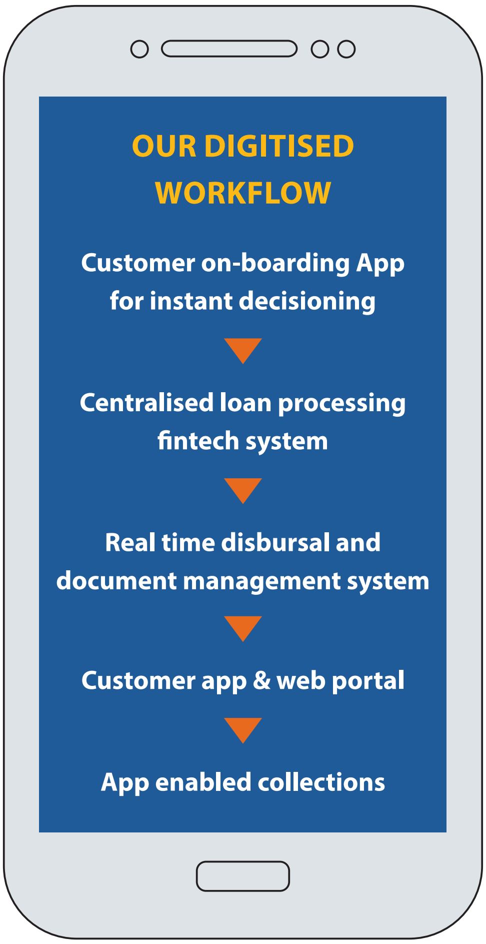
2018-19

- mCollect along with Collections Application for field officers
- Customer Grievance Ticketing System
- Upgraded Lead Management System
- Anti Money Laundering and Hunter integration
- CKYC integration

Customer at the core

IIFL Home Finance Ltd. follows a customer-centric culture with a focus on digital transformation. We utilise technology to create a system with efficient operations, easy accessibility and interactive features for the best customer experience.

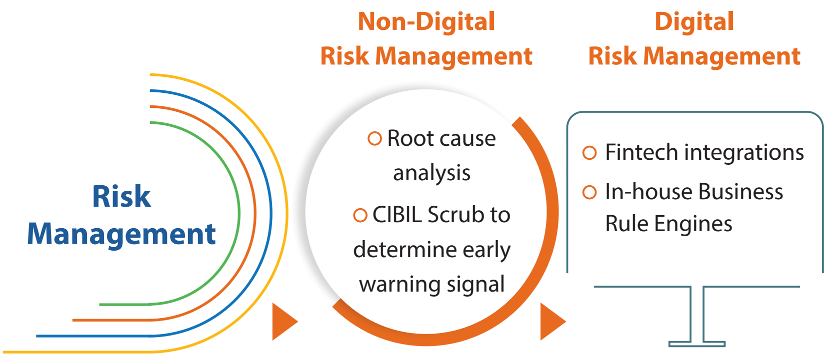
We are on a path of digital transformation with a constant strive for newer fin-tech innovations and advanced data analytics to offer smooth and faster loan processing.

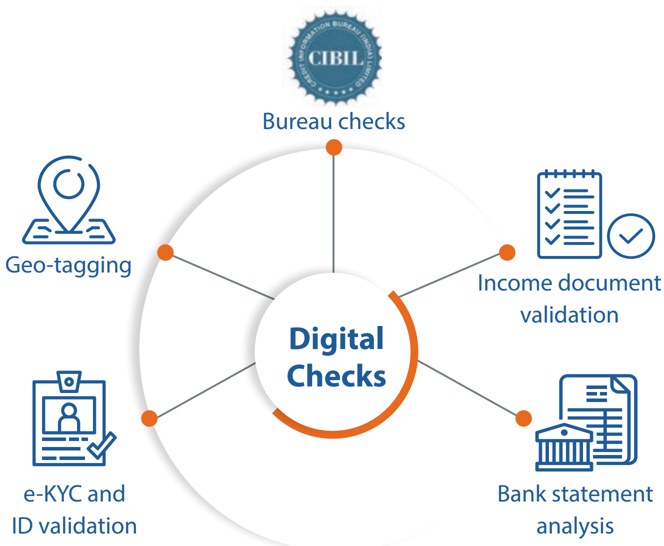


Digital Risk Management

Emphasis on best practices and superior quality

We abide by the best practices to ensure superior quality product, effective corporate governance and sound risk management framework. Our strong business ethics across all levels of organisation have resulted in a robust business foundation.





We build employees.
Our employees build the business.

At the core, IIFL Home Finance Ltd. is a passionate team that works together towards a common vision.

Happy employees always translate into happy customers. We are committed towards cultivating an inclusive and sustainable workplace with high motivation, respect and pride. The passion and dedication of our employees have helped the Company reach new heights. Their efforts and zeal to innovate have helped us add unique product offerings, widen our reach and provide better customer service. They play an instrumental role in ensuring a sustainable growth for the business.

IIFL Home Finance Ltd. strives to prioritize employee success for enhanced productivity and satisfaction. We reinforce employee values through teamwork, meaningful tasks, a culture of diversity and accessible growth opportunities. With our ever-evolving policies, processes and intervention, the Company is now certified as a 'Great Place to Work'.

Leveraging power of digital to transform the work culture

We have designed a holistic digital ecosystem where new employees are empowered to perform their best with a learning app and real-time feedback mechanism, among others. This system enables better understanding of employees for us while making the Performance Management System more transparent. To nurture our talent pool, we emphasize on learning and development, plugging in the performance gaps and upgrading skillset regularly. We are striving to improve productivity and foster a balanced work culture through our digitised learning environment.

Capturing emotions through AI

- Helps assess the employee mood, thus indicating the overall mood of the organisation
- Enables to reach all employees at each of the critical life-stages in the organisation
- Allows to understand and resolve concerns and conflicts in the organisation
- Facilitates valuable suggestions or inputs from employees

Training on the go with mobile app

- Training modules to help employees learn on-the-go and even during their 'off-hours'
- Live dashboards to enable employee re-training with rewards for the top learners
- Fortified with tools like calculator and ready reckoner of policy to help the customer-interacting teams equipped with timely and accurate information

Strong POSH (Prevention of Sexual Harassment) Policy

We recognise our responsibility towards ensuring a safe and harassment-free work environment for the women employees. The Company has been continuously updating policies and conducting workshops to ensure that women employees work in a conducive and harmonious work environment. We have a well-defined POSH policy to cover nuances of sexual harassment along with active Internal Complaints Committees to redress any complaints received in timely and systematic manner.

Stringent Consequence Management Grid & Disciplinary Process Policy

Integrity and honesty form the key pillars of all our processes. We have an established framework designed to guide our employees to organisation's Code of Conduct, Policies and Procedures. A robust Consequence Management Grid (CMG) and Disciplinary Process Policy have been devised to manage consequence of any violation of Code of Conduct or organisation's policies and procedures.

The aspiration of our people has enabled us to build an organisation of excellence, delivering accessible financial solutions to the underserved sections of society. Our people are the true custodians of our vision and help reinforce the growth of the organisation by contributing towards our long-term goal.

32 years
Average Employee Age

16 years
Average Total Experience of Senior Leadership

4.5+
Training Man Hours

Nurturing environment through sustainable practices

The world is increasingly facing environmental challenges. At IIFL Home Finance Ltd., we act collectively by identifying individual responsibility in preserving the world we live in.

Our efforts are aspired at attaining a sustainable financial bottom line while making a positive impact on the environment. Working towards our growth objective, we have integrated ESG and sustainable development. As a responsible organisation, we seek to enrich customer experience sustainably through investment in innovative energy reduction technologies.

KUTUMB - An Initiative towards Green Affordable Housing

IIFL Home Finance Ltd. is committed to create Green Affordable Housing - promising sustainable living. The demand for green buildings are fuelled by changing lifestyle, as well as the growing focus on high-quality products and renewable energy. With 96% shortage of affordable homes in the country, an estimated 11 million homes are required to be built in the future. Imagining the impact of these homes on the environment, we envisioned 'KUTUMB- An Initiative towards Green Affordable Housing'.

The New Green Face of Affordable Housing

Through our platform KUTUMB, we bring together industry experts and housing developers to create a sustainable infrastructure and a know-how model of Green Buildings in the affordable housing segment.

Green building benefits include environmental, economic and social benefits:

- Reduced carbon footprint with energy and cost-efficient structures
- Constructed using sustainable raw materials
- Enhancement and protection of biodiversity and ecosystem
- Improved air and water quality with reduced waste stream
- Conservation and restoration of natural resources
- Enhanced occupier productivity and optimisation of life-cycle performance
- Improved health and comfort for residents along with improved aesthetics

Chapter I – Ahmedabad

Chapter II – Indore

Chapter III – Pune

A holistic approach towards sustainability

The concept of Green Affordable Housing addresses economic and social equity. It also inscribes sustainability measures which help the environment. With lower utility costs and improved health outcomes, the green projects are more beneficial to low-income households. Hence, making affordable housing sustainable is a logical step towards reducing long-term costs and increasing stability. We strive to achieve the highest standards of environmental compliance. We intend doing this by adopting a systematic approach towards environmental management and capitalising on our innovative solutions.

Our partners

CDC Investment works | ADB | GBCI | IGBC | EESL | giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH | Edge Excellence in Design For Greater Efficiencies | IFC International Finance Corporation World Bank Group

Chairman's message

Amid the rapid digitalisation of the financial sector, the Company has adopted game-changing digital tools. We have brought smart technologies for a flawless credit appraisal, underwriting and monitoring system, leading to a seamless end-to-end loan sanction process. We help underserved section of the society realise their dream of owning a home by providing easy access to affordable home loan solutions.

Dear Shareholders,

India continues to be a burgeoning economy with enormous opportunities and possibilities. Indian economy is witnessing its growth story unfold, making it an attractive investment destination globally. The growth rate softened marginally in FY 2018-19, owing to a slowdown in private consumption, muted exports and sluggish agriculture and automotive sectors. The financial sector faced liquidity tightness in the second half of 2018, which led to higher borrowing costs for the NBFCs. However, proactive measures by the Government and the RBI controlled market disruption and improved liquidity in the system.

The overall economic outlook for India remains positive. As a result of the favourable business environment, India's rank in the World Bank's Ease of Doing Business Index 2018 moved up by 23 places to 77th position. According to the International Monetary Fund's projections, India's GDP growth is estimated at 7.3% in 2019 and 7.5% in 2020.

Rising demand in the housing sector along with the Government's thrust on affordable housing is likely to broaden the opportunity landscape for housing finance companies (HFCs). With over 60% of the population below the age of 35, high disposable income, rapid urbanisation and rise of nuclear families, the housing sector is poised to grow faster. The Government's 'Housing for All' mission under the Pradhan Mantri Awas Yojana (PMAY) and added subsidy benefits have helped improve the housing affordability for a wider spectrum of borrowers across the low and mid-income segments.

The real estate sector is undergoing a significant transformation over the past two years. Reduced GST rates on housing units and implementation of Real Estate (Regulation and Development) Act (RERA), have created a favourable environment in the sector. In addition, the Real Estate Investment Trusts (REITs) are also expected to bring more liquidity in the sector.

During the year, IIFL Home Finance Ltd. emerged as a stronger player in the housing finance industry with value-added Home Loans and digital platforms. We embraced the Environmental, Social and Governance (ESG) framework with increased focus on sustainable growth. Despite industry headwinds, we reported encouraging performance, supported by our higher asset quality, advanced digital systems and strong execution capabilities. We prudently managed liquidity with adherence to the best practices, efficient operations, a differentiated loan portfolio and increased retail focus. During the year, our total revenue and net profit registered a growth of 36.62% and 32.31% respectively. We deepened our geographical reach with a total 1900+ branches and further aim to increase our touch points by capitalising the IIFL Group network. Effective corporate governance, ethical and transparent processes with robust risk control mechanism remained our key strengths.

Amid the rapid digitalisation of the financial sector, the Company has adopted game-changing digital tools. We have brought smart technologies for a flawless credit appraisal, underwriting and monitoring system, leading to a seamless end-to-end loan sanction process. For instance, we have digital checks through tablets to facilitate an instant loan sanction decision for the 'Jhatpat Loans', resulting in a faster customer on-boarding. This has helped in providing maximum convenience to the customers.

At IIFL Home Finance Ltd., we engage the energy and passion of our people in the most productive manner. We regularly take efforts towards understanding the training requirements of our employees. We have infused latest technology with the training modules to create convenient and exciting learning opportunities. Employees can learn offline also with the help of our mobile training app. Our training and development workshops are aimed at building employee skills, meeting strategic needs and aligning with the organisation's values and vision. Overall, a healthy mix of young as well as experienced workforce enables us to constantly innovate and excel.

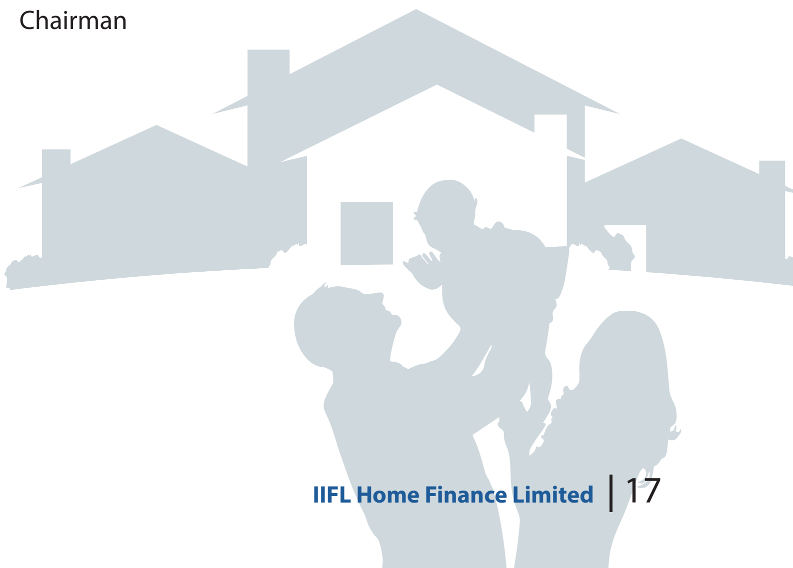
At IIFL Home Finance Ltd., we help underserved section of the society realise their dream of owning a home by providing easy access to affordable home loan solutions. Through Swaraj Loan, we have been promoting financial inclusion across the country. It provides financial assistance to people belonging to the informal income segment. We assisted over 29,000 customers with more than ₹ 6.93+ billion subsidy as on March 31, 2019, under the Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme (PMAY-CLSS). According to National Housing Bank (NHB), the Company is amongst the top two facilitators of CLSS in the country. In addition, we are continuously exploring new opportunities in the home loan segment by working with various State Housing Boards. We are a socially responsible organisation with a deep commitment to give back to the society. Through our diverse CSR interventions, we are sincerely trying to uplift the lives of the underprivileged section of the society.

We are dedicated to reducing our environmental footprint and create positive impact on the planet. With changing lifestyle and growing focus on renewable energy, green buildings have witnessed increased demand. 'KUTUMB- An Initiative towards Green Affordable Housing', is a significant step by us to create energy-efficient, cost-saving and environment-friendly sustainable structures.

With immense opportunities in the housing sector, we will continue to drive financial inclusion, widen our reach and offer better customer experience. I am confident that we are well-placed to achieve our vision with robust core and a commitment to create greater value for all the stakeholders. On behalf of the Board of Directors of IIFL Home Finance Ltd., I thank you all for your continued trust, confidence and support.

Regards,

S. Sridhar
Chairman



Message from the CEO

Despite the turbulence in the NBFC sector, we witnessed a robust growth of our loan book, with increasing granularity. We crossed the milestone of having served one lakh customers till date with reduced credit cost. Our performance is a testimony to our superior asset quality, effective corporate governance and sound risk management practices.

Dear Shareholders,

It makes me immensely happy to state that FY 2018-19 proved itself to be a year of steady growth across our product portfolio. Our strong foundation, robust values and determined actions helped us materialise our vision into reality. The result is a future-facing organisation, with financial prudence, operating efficiency and sustainable growth.

Amid a global slowdown, India emerged as a stronger economy. Structural changes over the past couple of years, such as Insolvency and Bankruptcy Code (IBC) and stabilisation of Goods and Services Tax (GST), are expected to provide impetus to economic activity. The second half of the year faced liquidity crunch in the financial sector along with high NPA levels. However, pragmatic actions by the Government and the RBI helped control the situation to a great extent.

Low inflation, accommodative monetary policy and Government income support to farmers are likely to underpin domestic economic activity. The Government's focus on infrastructure projects will create a favourable impact on the economy. Housing sector continues to benefit from inherent demand driven by socio-economic and demographic factors. The affordable housing demand in the recent past has been supported by reforms such as Real Estate (Regulation and Development) Act (RERA), 'Housing for All' by 2022, Smart Cities initiative and subsidy schemes for the low income group, among others.

IIFL Home Finance Ltd. is well-positioned to capitalise on the opportunities in the housing sector through its drive to achieve 'Complete Profitability'. It is a shared vision which mirrors the impact we create through our endeavours for the employees, organisation, society and the environment. For a sustainable growth, we have integrated Environmental, Social and Governance (ESG) initiatives in our business model to achieve Complete Profitability.

With innovative product portfolio, retail focus and value-led digital platforms, we help millions of people in fulfilling their dream of owning a home. Despite the turbulence in the NBFC sector, we witnessed a robust growth of our loan book, with increasing granularity. We proactively reduced the share of commercial paper in our funding mix from 17% to 5%. During the financial year 2018-19, the Company reported 7% increase in the loan book and disbursed over ₹ 74+ billion. Our home loan ticket size went down from ₹ 2.2 million to ₹ 1.8 million during the year. We crossed the milestone of having served one lakh customers till date with reduced credit cost. Our performance is a testimony to our superior asset quality, effective corporate governance and sound risk management practices.

We have embarked on our digital journey as an organisation aiming to become the first Fin-tech Home Finance Company. The Company stayed ahead with efficient operations and enhanced productivity through a robust Data Management System and analytics framework. Unique digital tools have reinforced our credit appraisal and collection processes. These have enabled us to take faster and accurate credit decisions with objective risk assessment. Our technology-driven process for Jhatpat Loans have resulted in customer on-boarding in less than 45 minutes. At the same time, we have a well-equipped system for digital monitoring of audit and compliance procedures. Overall, our fin-tech innovations have helped us serve our customers with utmost ease and convenience.

By facilitating access to formal financial services for the underserved sections and small businesses in the society, we have been driving financial inclusion across the country. Through our key loan product Swaraj Loan, we provide credit facility to people from the informal income segment. We are empowering more women in the country with this loan product as it requires a compulsory woman co-applicant. Our reach has widened in Tier II & Tier III cities through Samman Loan against Property for small and medium enterprises. The Company intends to leverage the expanding footprint of IIFL Group business with 1,900+ branches across the country.

We have aligned our vision with the Government's efforts towards housing development by working together with various State Governments and some prominent State authorities. The Company has been actively facilitating subsidy benefits to customers under the Pradhan Mantri Awas Yojana - Credit Linked Subsidy Scheme (PMAY-CLSS). We facilitated over 29,000 customers with ₹ 6.93+ billion of subsidy. During the year, we also raised ₹ 10 billion as refinance from National Housing Bank in FY 2018-19, as compared to ₹ 6.65 billion in the previous financial year. Also, with our initiatives in the areas of education, health and community development, we keep the overall well-being of society at the core of our values and purpose.

It is worth mentioning that our steady performance would not have been possible without the hard work and ingenuity of our employees. We are focused on providing specialised learning and development training opportunities to our employees. These are mainly aimed at enhancing the competencies of our employees. We have introduced the best of digitised training methods to bring in more transparency and empower people at the same time. 'AI bot' tracks valuable employee inputs while mobile training app allows employees to learn on-the-go as well. We ensure that our resources are equipped with the latest digital practices in all spheres of our operations.

We are creating a paradigm shift in our business approach by prioritising environment protection and reducing carbon footprints. Hence, we envisaged 'KUTUMB- An Initiative towards Green Affordable Housing', which aims to create sustainable infrastructure. These green projects are cost-effective with several environmental and social benefits.

By strengthening our core fundamentals, expanding our reach and enhancing the experience for our customers, we continue to build an organisation with stronger business values and principles. In closing, I would like to thank the management for their guidance and support. I extend my gratitude to our employees for their passion and zeal in contributing in our success. I am also thankful to all our stakeholders for their continued faith in our vision.

Regards,

Monu Ratra
Chief Executive Officer (CEO)

Awards and accolades

- KUTUMB: An initiative towards Green Affordable Housing wins 'Best Green Initiative in Affordable Housing Segment' at ET Now Green Future Leadership Awards 2019

- Received the award for 'Best Affordable Housing Finance Company of the Year' at ABP News BFSI Awards 2018

- Awarded as the 'Best Performing PLI under PMAY- CLSS for EWS/LIG' from Ministry of Housing & Urban Affairs, Govt. of India

- Received the award for 'Most Promising Brand for Housing Finance' at Times Network National Awards for Marketing Excellence

- Jhatpat Loan App wins the 'Technology Initiative of the Year' award at ET Now BFSI Awards

Board of Directors

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

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 44 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.

2 Mr. Nirmal Jain (Non-Executive Director)

Mr. Nirmal Jain is one of the original Directors of our Company. He holds a Bachelors 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 India Infoline Limited.

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

Mr. R. Venkataraman is the Co-Promoter and Managing Director of IIFL Holdings 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 has been instrumental in establishing various line of businesses over the past 18 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 25 years in the financial services sector.

4 Mr. Kranti Sinha (Independent Director)

Mr. Kranti Sinha 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.

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

Mr. Monu Ratra is a Graduate of Architecture and MBA with over 17 years of work experience in the financial services industry. Mr. Ratra has been 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 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 Ltd., ICICI Bank.

6 Ms. Suvalaxmi Chakraborty (Independent Director)

Ms. Suvalaxmi Chakraborty is B.Com (Hons.) and Chartered Accountant, serves as an Advisor at Transwarranty Finance Ltd and Positron Consulting Services, with advisory assignments spanning debt syndication, mergers & acquisitions and capital raising for midmarket corporates, among others. She is also Advisor for Fullerton India Credit Company Ltd. Ms. Chakraborty has been an Independent Director of Fortis Healthcare Limited since April 27, 2018. Prior to this, Ms. Chakraborty served as the Chief Executive Officer of India Operations at SBM Holdings Ltd. (previously known as State Bank of Mauritius Limited) from 2010 to 2013. She joined SBM Holdings in 2010. She launched and ran the commercial banking business of Barclays Bank in India from 2007 to 2010. She held several positions at ICICI Ltd and ICICI Bank between 1989 and 2006, including General Manager for Corporate Banking and Head of Rural, Micro-banking and Agri Business. She was Director on the Board of Fixed Income Money Markets and Derivatives Association (FIMMDA) for over 2 years and headed the working committee (New Products) in FIMMDA (representing ICICI). Ms. Chakraborty has 28 years of experience in banking and financial sector with exposure in to a diverse set of businesses, including project and corporate finance, treasury, and integrated multicurrency fund and asset liability management, corporate banking, rural / agricultural and micro banking. She has been Nominee Director of RGVN (North East) Microfinance Ltd. Since March 11, 2016. Ms. Chakraborty has been an Independent Director of Caspian Advisors Private Limited since March 25, 2015. She served as Director of Sterlite Industries (India) Limited until November 4, 2004. She is Co-Founder and Director of Espandere Advisors Private Ltd, which is a Business Advisory and Transaction Advisory services provider in the Banking & Finance, Agriculture & Rural, Infrastructure and Manufacturing sectors. She serves as an Independent Director for Magma HDI General Insurance Company Ltd, and Caspian Impact Investments Pvt. Ltd. She is a Chartered Accountant. She has featured in the Fortune India List of 50 most powerful women in business.

7 Mr. Sumit Bali (Non-Executive Director)

Mr. Sumit Bali is the Chief Executive Officer and an Executive Director of the holding Company India Infoline Finance Limited. He holds a B.A (Hon) from St. Stephen's college, New Delhi and has completed his PGDM from IIM Ahmedabad. Prior to his current role, Mr. Bali spent 24 years with Kotak Group. His last position at Kotak Mahindra Bank was of Senior Executive Vice President, overseeing consumer banking retail asset products including home loans, loan against property, credit cards, salaried personnel loans and SME loans. Previously he also held the position of Chief Executive Officer of Kotak Mahindra Prime Ltd. (KMPL) and also was a Director on KMPL's Board. He began his career with Glaxo India Limited in 1990 and has also worked with Asian Paints (I) Ltd. Mr. Bali is a seasoned banker with an experience of 28 years in the Indian corporate sector.

Creating opportunities for the communities

Sakhiyon Ki Baadi

Our initiative 'Sakhiyon ki Baadi' provides quality education to the girl child through innovative teaching solutions. The initiative has supported the upliftment of meritorious children from poor socio-economic background in 12 districts of South Rajasthan.

1,150+

Schools

34,000+

Girls educated

3,000+

Boys educated

Nukkad Natak: Financial Literacy Initiative for Construction Workers

IIFL Foundation and IIFL Home Loans, in association with Sukalyan Welfare society, organised a *Nukkad Natak*. This 45 mintutes long *Natak* was performed at the site to educate people on the benefits of small savings.

Chauras

Mission 'Chauras' is an initiative by IIFL Foundation to help construction workers with their children's education. It is a learning centre-cum-crèche for the children of migrant labourers. We contribute to the skill development of these children by providing access to quality education, thus, empowering them with a better future. Special care is taken to ensure children's cognitive and physical development. They are served freshly-cooked nutritious meals. The program was launched in Noida, Gurgaon and Ghaziabad and will be expanded to other locations in future.

'Rathshala': The Mobile School

The Rebari tribe in Rajasthan, as large as 100 households, raise over thousands of animals and migrate for 8 months in a year. As a result, their children are never enrolled in a formal education system. Therefore, we introduced 'Rathshala', a mobile school, which travels along with the tribe. It provides education to their children by holding learning sessions twice every day, benefiting over 150 families.

50+

Children benefited through Chauras

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting thirteenth Annual Report of your Company with the Audited Financial Statements for the financial year ended March 31, 2019.

1) FINANCIAL PERFORMANCE

(₹ in Million)

Particulars	2018-19	2017-18
Gross Total Income	**18,457.36**	**13,510.08**
Less: Expenditure	13,963.45	10,146.68
Profit/ Loss before Taxation	**4,493.91**	**3,363.40**
Less: Taxation	1,429.98	1,047.77
Net Profit/ (Loss) after Tax	**3,063.93**	**2,315.63**

2) REVIEW OF BUSINESS

Your Directors are pleased to inform that during the year under review, the Company has earned a Net Profit of ₹ 3,063.93 million as compared to previous year's Net Profit of ₹ 2,315.63 million, an increase of 32.31%. Total Revenue has grown by 36.62% and stood at ₹ 18,457.36 million as against ₹ 13,510.08 million in the previous year.

The loan book of Company grew by 7.19% to ₹ 134,002.60 million as of March 31, 2019 as against ₹ 125,009.37 million in the previous year.

3) RESOURCE MOBILISATION

Non Convertible Debentures (NCDs)

During the year under review, the Company issued Secured Redeemable Non Convertible Debentures aggregating to an amount of ₹ 13,725.74 million and Unsecured Redeemable Non Convertible Subordinated Debentures aggregating to an amount of ₹ 1,965.16 million. Further, the Company redeemed Non Convertible Debentures of amounting to ₹ 14,294.25 million, issued on private placement basis. Further, the Company also redeemed NCDs issued to the public aggregating to an amount of ₹ 3,759.02 million.

The Company has been regular in making payments of principal and interest on NCDs. The Company has complied with the provisions of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement (NHB) Directions, 2014. 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, 2019, no Debentures, other than the stated above, issued on the private placement basis, were due or outstanding for redemption.

Assignment of Loans

During the year under review, the Company has securitised /assigned the receivables of housing loan portfolio aggregating to ₹ 35,925.74 million and non housing loan portfolio aggregating to ₹ 5,710.85 million. The Company was appointed as servicer by the Assignee/Trustee to collect and receive payment of the receivables from the Securitised/Assigned Assets.

Term Loans and other Borrowings

During the year under review, the Company availed ₹ 10,000 million of refinance facility from NHB under various refinance schemes of NHB. The Company also raised fund through External Commercial Borrowing for an amount of USD 50 million. Further, the Company raised funds by way of borrowing from term loans, issuance of Commercial paper and other sources.

4) DIVIDEND

During the year under review, your Directors has recommended interim dividend of ₹ 2 per share to shareholders. Total outgo (including Dividend Distribution Tax) towards payment of Dividend is ₹ 50.56 million. Your Directors recommend that the said interim dividend be considered as final.

5) TRANSFER TO RESERVES

During the year under review, the Company transferred ₹ 613 million (20.01% of Net Profit for the year) to Special Reserves under the provisions of Section 29C of the National Housing Bank Act, 1987. As on March 31, 2019, the said Reserves stood at ₹ 1,575.70 million.

6) SHARE CAPITAL OF THE COMPANY

Authorised Share Capital

As on March 31, 2019, Authorised Share Capital of the Company was ₹ 1,72,00,00,000 (Rupees one hundred and seventy two crore only) divided into 15,20,00,000 (Fifteen crore and twenty lakh) Equity Shares of ₹ 10 (Rupees ten

Directors' Report (Contd.)

only) each and 2,00,00,000 (Two crore) Preference Shares of ₹ 10 (Rupees ten only) each.

Paid-up Share Capital

During the year under review, the Company issued and allotted 10,00,000 Equity Shares of the face value of ₹ 10 each at premium of ₹ 990 per share aggregating to ₹ 1,000 million on right issue basis. As on March 31, 2019, paid up share capital of the Company stands at ₹ 209.68 million.

7) CHANGE OF NAME OF THE COMPANY

During the year under review, name of the Company has changed to IIFL Home Finance Limited from India Infoline Housing Finance Limited with effect from May 2, 2018. The Company also received revised Certificate of Registration bearing No. 09.0175.18, dated September 14, 2018 (old COR: 02.0070.09 dated February 3, 2009) from National Housing Bank consequent upon change of name of the Company to IIFL Home Finance Limited.

8) PUBLIC DEPOSITS

Your Company is registered with National Housing Bank as a non-deposit taking housing finance company. The provisions of Section 73 of the Companies Act 2013, read with applicable rules thereto, are not applicable on the Company and, hence, during the period under review, your Company has not accepted/ renewed any public deposit.

9) 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, 2019.

10) 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 victimisation 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.iifl.com/india-infoline-housing-finance-ltd/corporate-governance.

11) CREDIT RATINGS

During the year under review, the Company's Secured Non-Convertible Debentures were rated as [ICRA] AA by ICRA Limited, CARE AA (Double A) by Care Ratings Limited and CRISIL AA by CRISIL Limited.

Further, Unsecured Non-Convertible Debentures were rated as BWR AA+ with Stable Outlook by BRICKWORK Ratings, [ICRA] AA by ICRA Limited and CRISIL AA by CRISIL Limited, CARE AA by CARE Ratings Limited.

12) RISK MANAGEMENT

The Company has in place Risk Management Committee to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) overseeing that all the risk that the organisation faces have been identified and assessed. There is an adequate risk management infrastructure in place capable of addressing those risks.

The Risk Management Committee of the Company which is also the supervisory authority engaged in the continuous assessment of both internal and external factors leading to any change in risk environment within the economy, industry or company reviews the portfolio performance on a periodic basis and provide direction towards strengthening of the Risk Management framework of the Company.

All functional heads and the Regional Heads of the Company are responsible for identifying, monitoring and reviewing the risk profile of their relevant function/ region on an ongoing basis. Risk Management Committee would further appraise the Board with any key risks to the business with reasons and corrective actions on a periodic basis.

13) ANNUAL EVALUATION OF THE BOARD

(a) Pursuant to the provisions of the Companies Act, 2013, the Board of Directors has carried out an annual performance evaluation of its own performance, the Directors individually including Independent Directors.

(b) In compliance with the provisions of the Companies Act, 2013, the Independent Directors held a meeting on March 22, 2019, and

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the 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 review took into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors, the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Independent Directors expressed their satisfaction with overall functioning and implementations of their suggestions.

14) DIRECTORS AND KEY MANAGERIAL PERSONNEL

Independent Directors

First term of 5 years of Mr. S Sridhar and Mr. Kranti Sinha were expired on March 31, 2019. On recommendation of the Board, shareholders at their extraordinary general meeting (EGM) held on March 22, 2019, reappointed them for their second term of 5 years with effect from April 1, 2019.

During the year under review, the Board appointed Ms. Suvalaxmi Chakraborty as an Additional Independent Director for a period of 5 years, subject to approval of shareholders with effect from August 1, 2018. Shareholders at their extraordinary general meeting (EGM) held on March 22, 2019 appointed Ms. Suvalaxmi Chakraborty as an Independent Director for 5 years with effect from her appointment as an Additional Independent Director by the Board i.e. August 1, 2018.

Non Executive Directors

During the year under review, the Board appointed Mr. Sumit Bali as an Additional Non Executive Director on the Board of the Company with effect from August 1, 2018. Shareholders at their extraordinary general meeting (EGM) held on March 22, 2019 appointed Mr. Sumit Bali as Non Executive Director, liable to retire by rotation.

During the year under review, Ms. Deepali Nair was appointed as Director w.e.f. May 2, 2018 and resigned with effect from July 30, 2018. The Board placed on records its sincere appreciation for the valuable services rendered by Ms. Deepali Nair during her tenure as Director of the Company.

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. R. Venkataraman, 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 & 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. None of the Key Managerial Personnel has resigned or appointed during the year under review.

15) STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS

In terms of provisions of sub-section (7) of Section 149 of the Companies Act, 2013, 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 fulfil all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Director.

16) AUDITORS

Requirement to place the matter relating to ratification of appointment of Auditors by members at every Annual General Meeting (AGM) has been done away by Companies Amendment Act, 2017 vide Notification dated May 7, 2018, issued by Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Auditors who were appointed in the Annual General Meeting (AGM) held on July 21, 2017 for a period of 5 years till conclusion of 16th Annual General Meeting of the Company to be held in 2022. By virtue of the above Notification, appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm's Registration No. 117366W/W-100018) as Statutory Auditors of the Company shall continue till conclusion of 16th AGM to be held in 2022 without ratification at every Annual General Meeting.

17) REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

Directors' Report (Contd.)

18) REGULATORY GUIDELINES

The Company has duly complied with the Housing Finance Companies (NHB) Directions, 2010 issued by National Housing Bank regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, Capital Adequacy, concentration norms and ALM requirements etc. as in force from time to time.

Your Company has been maintaining capital adequacy as prescribed by the NHB. The Capital adequacy was 21.02% (as against 12% prescribed by the NHB) as on March 31, 2019.

19) 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 place at website of the Company at https://www.iifl.com/india-infoline-housing-finance-ltd/corporate-governance.

20) EXTRACT OF ANNUAL RETURN

In accordance with section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format (MGT 9) is appended as Annexure I to the Board's Report.

21) CORPORATE SOCIAL RESPONSIBILITY

Your Company understands its responsibility towards the society and the projects of the Company are steered by the same value that guide the business of IIFL Group Companies. It can be summarised in one acronyms –GIFTS, which stands for Growth, Integrity, Fairness, Transparency and Service Orientation. The most of the activities are undertaken through IIFL Foundation and the details of those are provided in the Annual Report on CSR which is enclosed at Annexure II.

22) 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.

23) EMPLOYEE REMUNERATION

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 III".

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of 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 first proviso to section 136(1) of the Act, the Annual Report and Accounts are being sent to the members and other entitled thereto, excluding the aforesaid information. The said information is available for inspection by the members at the Registered Office of the Company during the business hours on working days upto the date of Annual General Meeting of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

24) SECRETARIAL AUDIT

For the year under review, the Secretarial Audit was conducted by M/s RMG & Associates, Practicing Company Secretaries, in accordance with the provisions of section 204 of the Companies Act, 2013. The Secretarial Audit Report is attached as "Annexure IV" and forms part of this Report of Directors. There is no qualification or observation or adverse remark made by the Secretarial Auditors in their Report.

25) SECRETARIAL STANDARDS

The Board confirms that the Company complied with all applicable mandatory Secretarial Standards for the financial year 2017- 18 and 2018-19.

26) NAME & CONTACT DETAILS OF DEBENTURE TRUSTEES

a. IDBI Trusteeship Services Limited

Asian Building, Ground Floor

17, R Kamani Marg, Ballard Estate, Mumbai - 400 001

Telephone: +91 22 4080 7000

Fax: +91 22 6631 1776

E-mail: itsl@idbitrustee.co.in

b. Vistra ITCL (India) Limited

(Formerly known as IL&FS Trust Company Limited)
IL&FS Financial Centre,
Plot C-22, G Block, Bandra- Kurla Complex,
Bandra (East), Mumbai-400 051
Tel: +91 22 2659 3535
Fax: + 91 22 2653 3297
E-mail: mumbai@vistra.com

c. Milestone Trusteeship Services Private Limited

602, Hallmark Business Plaza
Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital
Bandra (E), Mumbai-400 051.
Telephone: +91 22 6288 6119/6120
Fax: +91 22 6716 7077
E-mail: vaishali@milestonetrustee.in

27) 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, 2019 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.

28) AUDITORS REPORT

Audit Report as issued by M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors of the Company forming part of financial statements of the Company does not contain any qualifications or observations or remarks made by the Statutory Auditors in their Report.

29) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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 guarantee have not been provided in this report.

As regards investments made by the Company, the details of the same are provided under Notes No. 9 forming part of the Audited Financial Statements for the year ended March 31, 2019.

30) 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 contract/ arrangement 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, 2019.

31) 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:

Directors' Report (Contd.)

- Installation of capacitors to save power;
- Installed Thin Film Transistor (TFT) monitors that saves power;
- Shutting off all the lights when not in use;
- Light Emitting Diode (LED) lights;
- Minimising air-conditioning usage;
- Automatic power shutdown of idle monitors;
- Education and awareness programs for employees;
- Creating environmental awareness by way of distributing the information in electronic form.

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 a competitive edge and contribute in scalable business. Digitisation 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:

- Self Employed Home loan origination now happens through tablets which provide instant decision equipped with objective based Personal Discussion verification, resulting in managed risk and reduction in disbursal time.
- Company has deployed a property management system, allowing tracking of approved projects at inventory level. The solution is also available on tab, resulting in better productivity and onsite evaluation of property construction progress.
- Collections have moved to tablet based solutions providing all the necessary information at fingertips and empowering the collection agents.
- The Company has integrated with alternate credit score information partners and is now able to assess the risks much better before lending. The Company has also integrated Anti-Money Laundering software to further scrub against the known defaulter lists.
- Infrastructure upgrade included moving bulk of the mission critical servers in software managed virtualised environment for high availability and increased performance.
- In a group-wide initiative the Company engaged with a crowd-sourcing ethical hacking partner to significantly improve the security posture across application, data, infrastructure, network and physical security. The Company further upgraded proxy, firewall and antivirus to threat detection making security robust.
- As part of compliance initiatives, the Company completed implementing CKYC, AML and GST implementations.
- The Company also made considerable progress in the area of business analytics during the year. It implemented a solution for analysis of lead data and customer segmentation analytics for better targeting.
- The Company engaged PWC to review and recommend Business Continuity and Disaster Recovery. Outcome will be used to implement BCP and technology DR in the next Financial Year.
- Most of the Company's customer facing applications now support UPI for payments apart from existing traditional payment and collection channels.
- The Company embarked on the mission of centralised and productized common service development project. Tech department has already implemented common payment services for IMPS and bill desk as well as common verification services like PAN verification, Domain verification, CIBIL, etc. This will result in reduced cycle time for delivering business requirements.

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 & Outgo

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

i. Foreign Exchange earnings: - Nil

ii. Outgo: - ₹ 4.51 million on account of Advertisement and other expense (previous year: ₹ 0.81 million)

32) CORPORATE GOVERNANCE

National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016, February 9, 2017 issued the Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016 (Directions) which, inter alia, required housing finance companies to comply with the corporate governance standards. As per this Directions, the Policy on Related Party Transaction, Report on Corporate Governance and Management Discussion & Analysis Report are enclosed at Annexure V, Annexure VI and Annexure VII, respectively.

33) DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company is committed to provide a work environment that ensures every woman employee is treated with dignity and respect and afforded equitable treatment. The Company is also committed to promote a work environment that is conducive to the professional growth of its women employees and encourages equality of opportunity. The Company will not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its women employees are not subjected to any form of harassment. During the year under review, neither any complaint was received nor any was pending at the commencement or end of the year.

34) 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. Extract of Annual Return- Annexure I

b. Report on Corporate Social Responsibility - Annexure II

c. 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 III

d. Secretarial Audit Report- Annexure IV

e. The Policy on Related Party Transaction- Annexure V

f. Report on Corporate Governance- Annexure VI

g. Management Discussion & Analysis Report- Annexure VII

35) 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	**Sumit Bali**
Executive Director & CEO	Director
DIN: 07406284	DIN: 02896088

Date: May 13, 2019
Place: Mumbai

ANNEXURE I

Extract of Annual Return as provided under section 92 (3) of Companies Act, 2013

The Extract of Annual Return as specified in form MGT-9 under Section 92 (3) of Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 are as under:

I. REGISTRATION AND OTHER DETAILS

1	CIN	U65993MH2006PLC166475
2	Registration Date	26/12/2006
3	Name of the Company	IIFL Home Finance Limited
4	Category/ Sub Category of the Company	Category- Company Limited by Shares and sub category- Indian Non-Government Company.
5	Address of the Registered Office of the Company#	IIFL House, Sun Infotech Park, Road no. 16V, Plot no. B-23, MIDC Thane Industrial Area, Wagle Estate, Thane – 400604
6	Whether Listed / Unlisted	Debt Listed Company
7	Name, address and contact details of Registrar and Transfer Agent	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 E-mail : rnt.helpdesk@linkintime.co.in

#Registered office of the Company changed to the current address from 12A-10, 13th Floor, Parinee Crescenzo, G Block, C-38 & 39,Bandra Kurla Complex, Bandra- East, Mumbai- 400051, with effect from April 15, 2019.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the Total turnover of the Company shall be stated:-

Sr. No	Name and Description of main products/ services	NIC code of the product/ Service	% to total turnover of the Company
1	Carrying out activities of Housing Finance (Housing Loan & Non Housing Loan)	65922	93.68%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/ GIN	Holding/ Subsidiary/ Associate Company	% of Shares held	Applicable Section
1	India Infoline Finance Limited (IIFL)	U67120MH2004PLC147365	Holding	100%	Section 2 (46) of Companies Act, 2013

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

i. Category- wise Shareholding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian	-	-	-	-	-	-	-	-	-
a. Individual/ HUF	-	-	-	-	-	-	-	-	-
b. Central Govt./ State Govt.	-	-	-	-	-	-	-	-	-
c. Body Corporate	19,967,581	600*	19,968,181	100	20,967,581	600*	20,968,181	100	Nil
d. Banks/ FIS	-	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)									

Annexure I (Contd.)

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
a. NRI- Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/ FI	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A) = (A)(1) +(A) (2)	**19,967,581**	**600***	**19,968,181**	**100**	**20,967,581**	**600***	**20,968,181**	**100**	**Nil**
B. Public Shareholding									
1) Institutions									
a) Mutual funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	-	-	-	-	-	-	-	-	-
c) Central Govt./ State Govt.	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) FIIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
h) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub- Total (B) (1)									
2) Non-Institutions									
a) Bodies Corporates	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individuals holding nominal share capital up to ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
(ii) Individual holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others	-	-	-	-	-	-	-	-	-
Sub (B) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B) = (B) (1) + (B) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Shares held by Custodian for GDR's and ADR's	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**19,967,581**	**600***	**19,968,181**	**100**	**20,967,581**	**600***	**20,968,181**	**100**	**Nil**

*Shares were held by six nominee shareholders holding 100 equity shares each on behalf of India Infoline Finance Limited.

Annexure I (Contd.)

ii. Shareholding of Promoters

Sr. No	Shareholders name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	India Infoline Finance Limited	19,968,181*	100	-	20,968,181*	100	-	Nil

*Includes 600 equity shares held by 6 nominee shareholders holding 100 equity shares each on behalf of India Infoline Finance Limited.

iii. Change in Promoters' Shareholding: The promoter of the Company India Infoline Finance Limited was allotted 10,00,000 equity shares during the year under review and, therefore, shareholding of the promoter as on March 31, 2019 stands at 20,968,181* (including 600 equity shares of ₹ 10 each held by 6 nominees holding 100 shares each). There is no change in terms of percentage of shareholding of the promoter as it continues to hold 100 per cent equity share in the Company as on March 31, 2019.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)
Company is wholly owned subsidiary of India Infoline Finance Limited. This clause is not applicable.

v. Shareholding of Directors and Key Managerial Personnel

Sr. No	Name of Director/ KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Mr. Kranti Sinha – Director	-	-	-	-
2	Mr. Sridhar Srinivasan- Director	-	-	-	-
3	Mr. Nirmal Bhanwarlal Jain- Director	-	-	-	-
4	Mr. Venkataraman Rajamani- Director	-	-	-	-
5	Ms. Suvalaxmi Chakraborty	-	-	-	-
6	Mr. Sumit Bali	-	-	-	-
7	Mr. Monu Ratra- ED & CEO*	100	Negligible	100	Negligible
8	Mr. Ajay Jaiswal- Company Secretary	-	-	-	-
9	Mr. Amit Kumar Gupta – Chief Financial Officer*	100	Negligible	100	Negligible

*As a nominee of India Infoline Finance Limisted.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accured but not due for payment

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
i. Principal Amount	82,718.09	22,304.32	-	105,022.41
ii. Interest Due but not paid	-	-	-	-
iii. Interest Accrued but not due	2,485.16	303.10	-	2,788.26
Total (i+ii+iii)	**85,203.25**	**22,607.42**	**-**	**107,810.67**
Change in Indebtedness during the financial year Additions / (Reduction)				
i. Principal Amount	24,615.18	(9,893.47)	-	14,721.71
ii. Interest Due but not paid	-	-	-	-
iii. Interest Accrued but not due	174.09	162.99	-	337.08
Net Change	**24,789.27**	**(9,730.48)**	**-**	**15,058.79**
Indebtedness at the end of the financial year				
i. Principal Amount	107,333.27	12,410.85	-	119,744.12
ii. Interest Due but not paid	-	-	-	-
iii. Interest Accrued but not due	2,659.25	466.08	-	3,125.34
Total (i+ii+iii)	**109,992.52**	**12,876.93**	**-**	**122,869.46**

Annexure I (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/ or Manager

(₹ in Million)

Sr. No	Particulars of Remuneration	Managing Director – NA	Mr. Monu Ratra - Executive Director & CEO	Manager – NA	Total Amount
1	**Gross Salary**				
	Salary as per provisions contained in Section 17 (1) of Income Tax Act, 1961	-	20.06		20.06
	Value of Perquisites u/s 17 (2) of Income Tax Act, 1961	-	0.04	-	0.04
	Profit in lieu of salary under Section 17 (3) of Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	-as a % of profit				
	- others, specify				
5	- Others, (performance bonus)	-	22.50	-	22.50
	Total (A)	**-**	**42.60**		**42.60**
	Ceiling as per the Act	In terms of the provisions of the Companies Act, 2013, ("Act') the remuneration payable to the Executive Director shall not exceed 5% of the net profit of the Company as calculated as per the Act. The remuneration paid to Mr. Monu Ratra – Executive Director & CEO was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the members of the Company.			

B. Remuneration to other Directors

(₹ in Million)

Sr. No	Particulars of Remuneration	Name of Directors			
		Kranti Sinha	S Sridhar	Suvalaxmi Chakraborty	Total Amount
1	**Independent Directors**				
	Fees for attending Board Committee Meeting	0.39	0.30	0.06	0.75
	Commission	-	1.0		1.0
	Others, please specify	-	-		-
	Total (1)	**0.39**	**1.30**	**0.06**	**1.75**
2	**Other Non- Executive Director**				
	Fees for attending Board Committee Meeting	N.A.	N.A.	N.A.	N.A.
	Commission				
	Others, please specify				
	Total (2)	N.A.	N.A.	N.A.	N.A.
	Total B (1+2)	0.39	1.30	0.06	1.75
	Total Managerial Remuneration				
	Overall ceiling as per the Act.	1. In terms of the provisions of the Companies Act, 2013, "Act" the remuneration payable to directors (other than Executive Directors) shall not exceed 1% of the net profit of the Company, as calculated as per the Act. The remuneration paid to the Independent Directors listed above was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the Members of the Company. 2. The remuneration paid to the Directors of the Company was within the overall ceiling as prescribed under the Companies Act, 2013. 3. Ms. Suvalaxmi Chakraborty was appointed as Independent Director with effect from August 1, 2018.			

Annexure I (Contd.)

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

(₹ in Million)

Sr. No	Particulars of Remuneration	Mr. Monu Ratra -Executive Director & CEO*	Mr. Ajay Jaiswal -Company Secretary	Mr. Amit Gupta - Chief Financial Officer	Total
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17 (1) of Income Tax Act, 1961	20.06	4.01	5.44	29.51
	(b) Value of Perquisites u/s 17 (2) of Income Tax Act, 1961	0.04	0.04	0.03	0.11
	(c) Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	-as a % of profit				
	- others, specify				
	Others, (performance bonus)	22.50	0.99	0.87	24.36
5	**Total**	**42.60**	**5.04**	**6.34**	**53.98**

D. Penalties/ punishment/ Compounding of offences

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ Comp	Authority [RD/ NCLT/Court]	Appeal Made, if any
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment			**Not Applicable**		
Compounding					
C. Other officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Monu Ratra
Executive Director & CEO
DIN: 07406284

Sumit Bali
Director
DIN: 02896088

Date: May 13, 2019
Place: Mumbai

ANNEXURE II
to Directors' Report

Corporate Social Responsibility (CSR)

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

a) 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 summarised in one acronym – GIFTS, which stands for:

- Growth
- Integrity
- Fairness
- Transparency
- Service Orientation

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

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

- Chouras – Learning centre for children of construction workers
- Sakhiyon ki Baadi – Girl Child Illiteracy eradication program
- Financial Literacy & Inclusion (Women Empowerment)
- Health
- Water Conservation
- Education – Support to children from Urban slum settlements

The CSR Policy adopted by IIFL Group of companies is available on https://www.iifl.com/india-infoline-housing-finance-ltd/corporate-governance

b) Composition of the CSR Committee

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

- Mr. R. Venkataraman, Chairman & Non Executive Director
- Mr. Sumit Bali, Non Executive Director
- Mr. Kranti Sinha, Independent Director

c) Prescribed CSR spend of IIFL Home Finance Ltd.

a) Average net profit of the Company for last three financial years

The average net profit of the Company of the last three financial years was calculated to be ₹ 1,80,22,09,016.

b) Prescribed CSR Expenditure

The recommended CSR expenditure for IIFL Home Finance Limited as per Section 135 for the financial year 2018-19 was ₹ 3,60,45,000.

c) Amount Spent

During the financial year 2018-19, IIFL Home Finance Ltd. could spend entire amount i.e. ₹ 3,60,45,000 on various social development activities. IIFL Home Finance Limited spent exact 2% on its CSR activities.

d) Amount unspent

Nil

4. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

During FY 2018-19, IIFL Home Finance Limited spent a total of ₹ 3,60,45,000 on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below.

Sr. No	Projects/ Activities	Sector	Locations	Amount (₹) Outlay (Budget) Projects or Programs wise	Amount (₹) spent on the Projects or programs	Cumulative Expenditure upto Reporting Period (in ₹)	Amount (₹) spent : Direct or through Implementing Agency
1	Chouras – learning centre for children of construction workers	Education	Noida (U.P.) & Kamshet (Maharashtra)	13,31,383	13,31,383	13,31,384	13,31,384 Through India Infoline Foundation
2	Eradicating Girl Child illiteracy – Sakhiyon ki Baadi Program	Education	Bhilwara & Jalore (Rajasthan)	91,33,776	91,33,776	91,33,776	91,33,776 Through India Infoline Foundation

Annexure II (Contd.)

Sr. No	Projects/ Activities	Sector	Locations	Amount (₹) Outlay (Budget) Projects or Programs wise	Amount (₹) spent on the Projects or programs	Cumulative Expenditure upto Reporting Period (in ₹)	Amount (₹) spent : Direct or through Implementing Agency
3	Hearing Aid Distribution & Free Checkup	Health	Mumbai (Maharashtra)	12,38,385	12,38,385	12,38,385	12,38,385 Through India Infoline Foundation
4	Financial Literacy & Inclusion	Education (Women Empowerment)	24 Parganas (West Bengal)	35,76,302	35,76,302	35,76,302	35,76,302 Through India Infoline Foundation
5	Water Conservation	Environment	Wardha (Maharashtra)	1,52,38,384	1,52,38,384	1,52,38,384	1,52,38,384 Through India Infoline Foundation
6	Health support to poor patients	Health	Barsana (Uttar Pradesh)	15,00,000	15,00,000	15,00,000	15,00,000 Through India Infoline Foundation
7	Health support to poor patients	Health	Pandharpur (Maharashtra)	22,88,385	22,88,385	22,88,385	22,88,385 Through India Infoline Foundation
8	Education support to children from urban slums	Education	Mumbai (Maharashtra)	17,38,384	17,38,384	17,38,384	17,38,384 Through India Infoline Foundation

Brief description of the projects:

1) **Chouras:** India Infoline Foundation established a 'learning centre cum crèche' for children of construction workers at two of the sites of IIFL Home Finance Limited. The site located at Noida has over 40 children at any given point of time and the one at Kamshet (Maharashtra) connects with children from over 38 households. Chouras runs from 9:00 am to 5:30 pm each day and provides basic functional literacy & nutritional meal to the children. Children attending chouras are native to state of Uttar Pradesh, West Bengal, Rajasthan, Orissa, West Bengal, Orissa, Karnataka & Maharashtra. Chouras has eased out parent's turmoil by providing a place of safety along with an avenue to education. Prior to chouras, children would either accompany their parents to their site of work or wander around the construction site, being exposed to hazardous environment in both the cases. Now parents are relieved about their children's safety and moreover are happy that their children are getting education, who have previously been school dropout or never enrolled, given to the nature of parents profession.

2) **Girl Child illiteracy eradication program:** It is a matter of great concern and shame that girls in large number continue to be out of school and remain illiterate. This problem is particularly severe in northern state of Rajasthan. India Infoline Foundation has vowed to change this in next few years through starting community schools which are multi grade multi-level schools started in the villages as per the convenience of the girls to enable them to get educated. With 1156 such schools called "Sakhiyon ki Baadi" across 10 districts, India Infoline foundation has already brought back over 34,452 girls into the fold of education. By 2020, we are aiming towards 100% eradication of Illiteracy from Villages that we work at.

3) **Hearing Aid Distribution and Free Ear Checkup:** In a period spanning 3 months (Oct-Dec 2018), a total of 13 Free of cost 'Ear Checkup Camps' were organised across 8 locations of Mumbai (Maharashtra). The individuals, who tested positive during the checkup, were given 'Hearing Aid Machines'. A total of 1043 machines were distributed during the entire course to the individuals from low-income groups.

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Annexure II (Contd.)

4) **Financial Literacy & Inclusion:** Over 23,851 women across 594 villages participated in our Financial Literacy initiatives with 9,734 women enrolling themselves in various Government Schemes. The collective outreach of the program spans across 8 Districts, 23 Blocks and 67 Gram panchayat's of West Bengal. During 2018, IIFL Foundation has initiated 'Financial Inclusion centers' at Bankura, North 24 Parganas, Jhargram and Purulia. The initiative pays special attention towards participation & inclusion of women in financial planning of their household, by developing their interest in planning & management of savings, investments and availing government schemes.

5) **Water Conservation:** Caring for sustainability of our environment and the natural resources is an absolute need of the hour. Numerous cases of Farmers in distress due to acute shortage of water, have been surfacing for while, especially from Maharashtra. IIFL Foundation hence took the lead to address the issue first-hand at Wardha District of Maharashtra. India Infoline Foundation has taken up 'River Rejuvenation' work at Wardhana River, Wardha (Maharashtra) that covers 109 km in total and is speculated to directly benefit population from 16 villages from the Arvi District (Taluka). The project is speculated to impact directly 3,463 hectares of Cultivated Land and 890 hectares of Irrigated Land.

6) **Health Support to poor patients (Pandharpur):** Every year, over 12 Lakhs of Warkaries (Pilgrims) from various parts of Maharashtra and neighboring states, travel bare foot to Pandharpur crossing hundreds of kilometers. Hence they require Medical assistance, food and clean drinking water.

   This year we reached out to 52,000 pilgrims with various medical needs such as severe injuries, wounds, fever, body-ache, respiratory diseases, gastro intestinal diseases, eye infection etc. The patients were provided with free OPD/ IPD treatment and medicines. Besides medical services, we also offered free food to over 1,00,000 pilgrims.

7) **Health Support to poor patients (Barsana):** Barsana eye camp, each year in February has become synonymous with quality eye care where poor patients not only get their eyes checked but over 10,000 free eye surgeries are also performed each year. Moreover, patients receive Free of cost Dental checkup, Treatments and Dentures (if needed).

8) **Educational support to children from Urban Slums:** Providing support to children from marginalised families in urban Mumbai slum by resurrecting the school that was on verge of closure. The school runs sections from KG, Primary, Secondary to Junior College, which are attended by children from low-income group from neighboring slums.

5. 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 marginalised 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.

For and on behalf of the Board of Directors

Monu Ratra	**R. Venkataraman**
Executive Director & CEO	Chairman
DIN: 07406284	DIN: 00011919

Date: May 13, 2019
Place: Mumbai

ANNEXURE III
to Directors' Report

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

Sr. No	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	132%
		Non Executive Director	
		Mr. S. Sridhar	3.11%
		Mr. Kranti Sinha	Nil
		Mr. Nirmal Jain	Nil
		Mr. R. Venkataraman	Nil
		Mr. Sumit Bali*	Nil
		Ms. Suvalaxmi Chakraborty*	Nil
		Ms. Deepali Nair**	Nil
2	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year.	Executive Chairman	Nil
		Executive Director & CEO	7%
		Non Executive Director	
		Mr. S. Sridhar	Nil
		Mr. Kranti Sinha	Nil
		Mr. Nirmal Jain	Nil
		Mr. R. Venkataraman	Nil
		Mr. Sumit Bali	Nil
		Ms. Suvalaxmi Chakraborty	Nil
		Ms. Deepali Nair	Nil
		KMPs other than Directors	
		Chief Financial Officer	16%
		Company Secretary	13%
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 11%. 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 2320 employees on the rolls as on March 31, 2019.	

Annexure III (Contd.)

Sr. No	Requirements	Disclosure
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Not applicable to the Company as all the employees are under managerial role.
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 of the Directors (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 and Mr. Sumit Bali were appointed as Director with effect from August 1, 2018.

** Ms. Deepali Nair was appointed as Director with effect from May 2, 2018 and ceased to be Director of the Company with effect from July 30, 2018.

For and on behalf of the Board of Directors

Monu Ratra
Executive Director & CEO
DIN: 07406284

Sumit Bali
Director
DIN: 02896088

Date: May 13, 2019
Place: Mumbai

ANNEXURE IV
to Directors' Report

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

[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 process was undertaken at the Corporate Office of the Company at IIFL House, Plot No. 98, Phase - IV, Udyog Vihar, Gurgaon, Haryana - 122015. The Secretarial Audit was conducted in a manner that provided us a reasonable foundation for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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, 2019, 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, 2019 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. 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 as the Company has not listed any share capital during the period under review];

   iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; [Not applicable as the Company has not offered any shares or granted any options pursuant to any employee benefit scheme 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

Annexure IV (Contd.)

vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [Not applicable as the Company has not delisted/proposes to delist its equity shares from any Stock Exchange during the financial year under review];

viii. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; [Not applicable as the Company has not bought back/proposes to buy-back any of its securities during the financial year under review].

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

1. National Housing Bank Act, 1987;
2. Housing Finance Companies (NHB) Directions, 2010;
3. Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
4. Housing Finance Companies Corporate Governance (National Housing Bank) Directions, 2016;
5. Housing Finance Companies Approval of Acquisition or Transfer of Control (National Housing Bank) Directions, 2016;
6. Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016;
7. Fair Practices Code (FPC) for all HFCs;
8. Guidelines on 'Know Your Customer' & 'Anti Money Laundering Measures' for HFCs.

For the compliances of Environmental Laws, Labour Laws & other General Laws vis-à-vis The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, 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 Environmental Laws, Labour Laws & other General Laws.

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

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

1. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India. However, the stricter applicability of the Secretarial Standards is to be observed by the Company.
2. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

   During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. 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 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.

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 IV (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 etc. referred to above:-

A. Name of the Company has been changed to IIFL Home Finance Limited from India Infoline Housing Finance Limited with effect from May 2, 2018.

B. The Company obtained foreign currency term loan (External Commercial Borrowings) of 50 Million USD on September 26, 2018.

C. The Board of Directors, in pursuance to Section 62(1)(a) of the Act, allotted 10,00,000 (Ten Lakh) Equity Shares on Rights basis at an issue price of ₹ 1000/-(Rupees One Thousand Only) including a premium of ₹ 990/-(Rupees Nine Hundred and Ninety Only) on November 30, 2018.

D. The Board of Directors declared interim dividend of ₹ 2 per share to the equity shareholders through circular resolution on December 19, 2018 and the same was paid within five days.

E. The members in the Extra-ordinary General Meeting held on November 12, 2018 approved increase in the borrowing limits from ₹ 15,000 crore (Rupees Fifteen Thousand Crore) to ₹ 19,000 (Rupees Nineteen Thousand Crore) under Section 180(1)(a) and 180(1)(c) of the Act.

F. The members in the Extra-ordinary General Meeting held on March 22, 2019 approved re-appointment of Mr. S. Sridhar (DIN 00004272) and Mr. Kranti Sinha (DIN 00001643) as an Independent Director of the Company, for a consecutive term of Five years with effect from April 1, 2019 till March 31, 2024.

G. The members in the Extra-ordinary General Meeting held on March 22, 2019 appointed Ms. Suvalaxmi Chakraborty (DIN 00106054) as an Independent Director of the Company, with effect from August 1, 2018 to July 30, 2023.

For RMG & Associates
Company Secretaries

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

Date: May 13, 2019
Place: New Delhi

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

Annexure I

The Members

IIFL Home Finance Limited

Our Secretarial Audit Report for the financial year ended March 31, 2019 of even date is to be read along with this letter:

Management's Responsibility

1. It is the responsibility of 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.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For RMG & Associates
Company Secretaries

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

Date: May 13, 2019
Place: New Delhi

ANNEXURE V
to Directors' Report

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) Accounting Standard - 18

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" means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

(vi) "Policy" means the Policy on Related Party Transactions

(vii) "Related Party" and **'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) a director or his relative;

(ii) a key managerial personnel or his relative;

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

(iv) a private company in which a director or manager is a member or director;

(v) a public 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) such other 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)

As per Section 188 of Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, the following transactions will be considered as "Related Party Transactions;

a. sale, purchase or supply of any goods or materials;

b. selling or otherwise disposing of, or buying, property of any kind;

c. leasing of property of any kind;

d. availing or rendering of any services;

e. appointment of any agent for purchase or sale of goods, materials, services or property;

f. such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and

g. underwriting the subscription of any securities or derivatives thereof, of the Company:

Annexure V (Contd.)

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

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

A. Approval of the Board/ 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 & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.

2. All Related Party Transactions shall require prior approval of the Audit Committee. 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:

a. 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.

b. 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;

c. 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;

d. 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;

e. 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.

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

3. 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.

B. Approval of Shareholders

The following transactions will be placed before the shareholders for its approval through Special Resolution;

i. sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding ten percent of the annual turnover or ₹ 100 crore, whichever is lower

ii. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten percent of net worth or ₹100 crore, whichever is lower

iii. leasing of property of any kind exceeding ten percent of the net worth or exceeding ten percent of turnover or ₹ 100 crore, whichever is lower

iv. availing or rendering of any services directly or through appointment of agents exceeding ten percent of annual turnover or ₹ 100 crore, whichever is lower

v. appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees

vi. remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding one percent of the net worth

C. Review of RPTs by Audit Committee

Review of transactions with related parties pursuant to Accounting Standard – 18, on quarterly basis.

D. Disclosure

All Related Party Transactions will be disclosed in annual report, results and other filings, as may be applicable, made by the Company to the extent required as per the applicable provisions of the laws and regulations.

Annexure V (Contd.)

In terms of General Circular No. 30/2014 dated July 17, 2014 issued by MCA, all existing contracts approved pursuant to Section 297 of the Companies Act, 1956 will not require fresh approval under the said section 188 till the expiry of the original term of such contracts.

VI. 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, etc.

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 arms 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 and

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	**Sumit Bali**
Executive Director & CEO	Director
DIN: 07406284	DIN: 02896088

Date: May 13, 2019
Place: Mumbai

ANNEXURE VI
to Directors' Report

Report on Corporate Governance

Motto of the Company is to become most respected Company in the financial services space in India and highest standard of corporate governance is the key to achieve it. 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. We believe that to ensure highest degree of corporate governance, active, well informed and independent Board is must. The Board is at core of corporate governed practices in the Company. The Board of Company is comprising adequate mix of Executive Director, Non Executive Directors and Independent Directors. Independent Directors are highly respected for their professional integrity and brings rich experience of financial services industry. The Board oversees the Management's function and to manage day to day affairs of the Company. The Board has constituted various committees of Directors and/or officers those were mandated under the Companies Act, by National Housing Bank through its various Policy Circulars/Directions and those were warranted for smooth operations 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

The size of the Board commensurate with the size and business of the Company. As on March 31, 2019, the Board comprises of following Directors as mentioned below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S. Sridhar	Chairman, Independent Director	4	3
Mr. Kranti Sinha	Independent Director	4	4
Mr. Monu Ratra	Executive Director & CEO	4	4
Mr. Nirmal Jain	Non Executive Director	4	4
Mr. R Venkataraman	Non Executive Director	4	4
Ms. Deepali Nair*	Non Executive Director	1	1
Ms. Suvalaxmi Chakraborty**	Independent Director	2	2
Mr. Sumit Bali**	Non Executive Director	2	2

*Ms. Deepali Nair ceased to be Director of the Company with effect from July 30, 2018.

**Ms. Suvalaxmi Chakraborty and Mr. Sumit Bali were appointed as Directors with effect from August 1, 2018.

Responsibilities of the Board

i. The key purpose of the Board is to ensure the Company's prosperity by collectively directing its affairs, whilst meeting the appropriate interests of its shareholders and stakeholders.

ii. The Board is primarily responsible for:

a) establishing vision, mission & values and determining, reviewing the goals, policy of the Company from time to time;

b) setting strategy and structure and deciding the means to implement and support them;

c) delegate to Management, determine monitoring criteria to be used to ensuring effectiveness of Internal Controls;

d) exercising accountability to shareholders and be responsible to relevant stakeholders; and

e) Management and Control.

2) COMMITTEES

The Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These include the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Asset Liability Management Committee, Risk Management Committee, Corporate Social Responsibility Committee, etc. The composition of the various Committees along with their terms of reference are provided herein below.

A. Audit Committee

In terms of the requirements of section 177 and other applicable provisions of the Companies Act, 2013, read with Rules made thereunder, the Board constituted an Audit Committee.

As on March 31, 2019, the Audit Committee comprised following Directors:

Mr. S. Sridhar – Independent Director

Mr. Kranti Sinha - Independent Director

Mr. R Venkataraman -Non-Executive Director

Annexure VI (Contd.)

The Company Secretary to act as Secretary to the Audit Committee. The details of all Related Party Transactions are periodically placed before the Audit Committee. During the year, there were no instances where the Board did not accept the recommendations of the Audit Committee.

The role and terms of reference of the Audit Committee, inter alia, includes the following:

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.

The Audit 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 National Housing Bank from time to time.

During the year under review, the Audit Committee met 4 times i.e. on May 2, 2018, July 30, 2018, October 27, 2018 and January 28, 2019.

B. 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. Presently, the Committee comprises the following Directors:-

Mr. S. Sridhar – Independent Director

Mr. Kranti Sinha - Independent Director

Mr. R. Venkataraman – Non Executive Director

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 and 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. 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.

During the year under, the Nomination and Remuneration Committee met twice on May 2, 2018 and July 30, 2018.

C. Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Company presently comprises the following Directors as its members-

Mr. R. Venkataraman - Non Executive Director

Mr. Monu Ratra - Executive Director & CEO

Mr. Sumit Bali - Non Executive Director

The terms of reference of the Stakeholders Relationship 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.

During the year under review, the Committee met twice on May 2, 2018 and October 27, 2018.

D. 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 CSR Committee of the Company presently comprises the following Directors as its members

Mr. Kranti Sinha - Independent Director

Mr. R Venkataraman - Non Executive Director

Mr. Sumit Bali - Non Executive Director

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.

Annexure VI (Contd.)

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

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

ii. 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;

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

iv. Consider and propose an Annual Budget for CSR activities to the Board.

During the year under review, the CSR Committee met once on March 22, 2019.

E. Risk Management Committee

In accordance with the Policy Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010, 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:

Mr. Monu Ratra- Executive Director & CEO

Mr. S. Sridhar- Independent Director

Mr. Kranti Sinha- Independent Director

Mr. Nirmal Jain- Non-Executive Director

Mr. Amit Gupta- Chief Financial Officer

Mr. Sanjeev Srivastava- Chief Risk Officer

Mr. Prateek Goyal - Treasury Head

The terms of reference of the Risk Management Committee are in line with Guidelines prescribed by NHB which, inter alia, includes the following:

i. To identify the various types of risks involved in the business,

ii. To define the methodology to measure / quantify the risks,

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

iv. To specify the risk tolerance of the Company,

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

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

vii. To maximise the profit of the Company,

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

During the year under review, the Committee met twice on July 30, 2018 and January 28, 2019.

F. Asset Liability Committee (ALCO)

In accordance with 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. Sumit Bali- Non Executive Director

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

i. Liquidity risk management

ii. Management of market risks

iii. Funding and capital planning

iv. Profit planning and growth projection

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

During the year under review, the Committee met on May 2, 2018, July 30, 2018, October 27, 2018 and January 28, 2019.

For and on behalf of the Board of Directors

Monu Ratra	**Sumit Bali**
Executive Director & CEO	Director
DIN: 07406284	DIN: 02896088

Date: May 13, 2019
Place: Mumbai

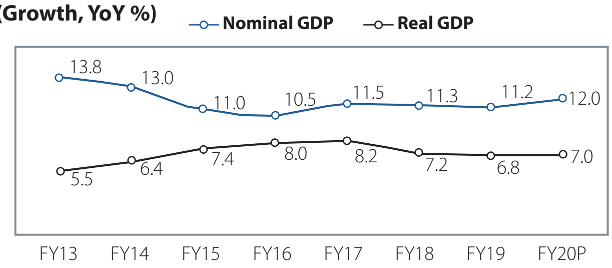
ANNEXURE VII

Management Discussion & Analysis

MACROECONOMIC OVERVIEW

Despite slow growth in the latter half of FY19, Indian economy has maintained its position of one of the fastest growing major economies around the world. According to the Central Statistics Office (CSO), India has clocked a growth rate of 6.8% in FY19. It has moderated mainly due to the slowdown in agriculture and manufacturing sector. However, domestic consumption was strong and particularly private-improved export performance. In the latter half of FY19, the economic slowdown is accompanied by a fall in inflation measured both by CPI and WPI. However, in March 2019, WPI inflation jumped to 3.18% from 2.93% in February 2019 and 2.76% in January 2019. It was 2.74% in March 2018. Consumer Prices Index (CPI) for March 2019 expanded 2.86% compared to 2.57% in February 2019.

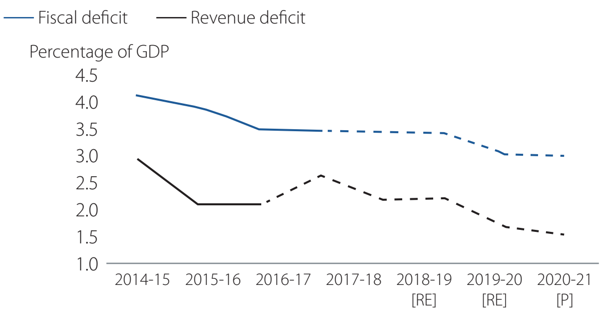
(Growth, YoY %)



Source : CSO, RBI

India is now the 6th largest economy in the world, up from being the 11th largest in FY14. Fiscal deficit is down to 3.4% from almost 6.0% 7 years ago. This reduction was necessary given the expected higher expenditure toward income support scheme for farm households, pension scheme for the unorganized sector workers, and income tax rebate.

Government has lifted fiscal deficit targets to make room for additional expenditure



Note: RE, BE, and P denote revised estimates, budget estimates, and provisional as given in the budget document for 2019-20, respectively.

Sources: CEIC; Deloitte.

Fiscal expansion remains key to accelerating growth, provided private investment increases at the same rate. The World Bank reported that India remained the world's largest recipient of inward remittances in 2018. Remittances jumped to USD 79 bn (3% of GDP) last year, from USD 70 bn in 2017.

GDP growth is expected to accelerate moderately to 7% in FY20. Key macroeconomic risks hovering Indian economy are global slowdown, increase in commodity prices, fiscal slippage and monetary over-stimulus. Domestic activity decelerated due to slowdown in consumption. However, future growth is expected to be driven by higher domestic demand due to improved financial conditions, fiscal and quasi-fiscal stimulus, including new income support measures for rural farmers, and recent structural reforms. Lower oil prices and the recent appreciation of the rupee will reduce pressures on inflation and the current account. Investment has continued to grow robustly, supported by hefty public sector projects.

INDUSTRY OVERVIEW

The housing finance market in India is financed by both Scheduled Commercial Banks (SCBs) as well as Non-Banking Financial Corporations (NBFCs) such as Housing Finance Corporations (HFCs). These have different dynamics and are governed by separate laws. Housing Finance Companies are governed by National Housing Bank (NHB). The market is predominantly overshadowed by the SCBs over NBFCs. Over the years, the percentage of the market share for HFCs is growing vis-à-vis the SCBs. However, the recent liquidity stress in the market, which has prevailed since September 2018, has led to a marginal dip in the share of NBFCs and HFCs in the home loan market with the market share of banks increasing to 63% as on December 31, 2018 from 62% as on September 30, 2018 (Source: ICRA). Over the past 5 years, HFCs home loan portfolio to individuals grew at a CAGR of 20% (FY12-18) as compared to 16% CAGR growth for SCBs. This led to an overall sectoral home loan portfolio growth of 18% CAGR in FY18.

Annexure VII (Contd.)

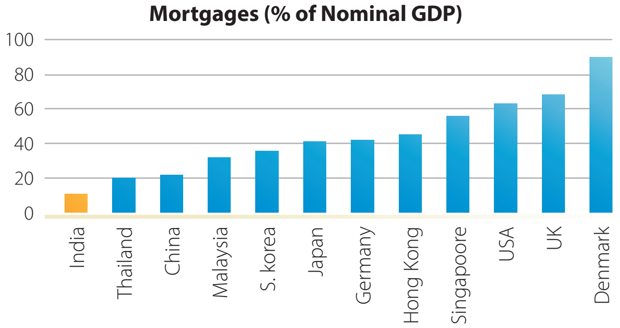
Growth in Housing Credit

	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
HFCs and NBFCs	2.1	2.6	3.1	3.8	4.4	5.2	5.4	5.6	6	6.3	6.5	6.7	6.7
Scheduled Commercials Banks	4.2	4.8	5.7	6.6	7.9	9.1	9.1	9.6	9.9	10.3	10.5	11.1	11.5
Total Housing Credit	6.3	7.4	8.8	10.4	12.3	14.2	14.5	15.2	15.8	16.6	17	17.8	18.2
Growth													
Credit Growth HFCs and NBFCs	22%	26%	20%	21%	17%	17%	20%	19%	19%	22%	20%	19%	13%
Credit Growth - SCBs	11%	15%	18%	17%	18%	15%	11%	13%	14%	13%	16%	16%	17%
Overall Housing Credit Growth	14%	19%	19%	18%	18%	16%	15%	15%	16%	17%	17%	17%	16%
% Share													
HFCs and NBFCs	33%	35%	35%	36%	36%	36%	37%	37%	38%	38%	38%	38%	37%
Banks	67%	65%	65%	64%	64%	64%	63%	63%	62%	62%	62%	62%	63%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Amount in ₹ Trillion
Source: RBI , ICRA research

India's housing finance sector has remained relatively underpenetrated compared to its peers as evident by the low mortgage-to-GDP ratio (10% in 2017-18) as compared to its regional peers (20% for Thailand, 22% for China, 32% of Malaysia) shown in the figure below. While there has been substantial progress over the years, the sector continues to hold potential for long term growth.

Mortgages (% of Nominal GDP)



HFCs in India grew in prominence when the retail housing segment was neglected by banks. Earlier, banks were keener towards lending to the business/corporate segment owing to ample credit demand and high profitability. The Indian housing industry has shown strong growth over the past few years. According to ICRA, total housing credit stood at ₹ 18.2 tn and grew 15% YoY for the period ended 31st December, 2018. The growth rate was 17% YoY for the period ended 31st March, 2018.

On the balance sheet front, total size of the consolidated balance sheet of HFCs has increased from ₹ 9 tn as at the year end 31 March 2017 to ₹ 11.51 tn as on 31 March 2018. This is majorly attributed to the jump in loans and advances of HFCs on account of the initiatives by the Government to promote affordable housing (Source: ICRA). The asset quality of HFCs is still better than NBFCs and SCBs though it has increased in FY18. GNPA of HFCs stood at 1.4% as on December 2018, as compared to 1.1% in March 2018.

The Government of India has initiated numerous tax sops and financial benefits to push affordable housing sector in India. Around 15.3 mn houses have been constructed under the Pradhan Mantri Awas Yojana (PMAY) from 2014-2018. The flagship scheme has received an allocation of ₹ 258.53 bn in the Budget for FY20, compared to ₹ 264.05 bn in FY19 — a decrease of almost 2%. The affordable price segment has dominated the residential units' supply. Recent launch trends show that demand for affordable housing with ticket sizes in the range from ₹ 0.5 mn to ₹ 4 mn is growing. The urban affairs ministry data shows it had completed and handed over 1.24 mn houses by December 2018. This represents 18% of the 6.85 mn houses sanctioned so far. Another 3.56 mn houses are in various stages of construction. An ICRA report estimates that the government will need ₹ 1,500 bn to meet the target of building 1.2 crore urban houses by 2022. About 22% i.e. ₹ 330 bn has been disbursed so far under the scheme. Also, there will now be no tax on house rents up to ₹ 0.24 mn from the previous limit of ₹ 0.18 mn This can attract more investors to buy second homes for earning rental income. The rollover of capital gains tax on sale of houses has been increased from one to two houses. The finance minister has also extended the period of taxing unsold inventory to two years from currently one year.

To tackle the ongoing temporary liquidity crisis, HFCs have started strengthening their liquidity buffers to meet any sudden market disruptions and near-term debt obligations. Retail loan securitisation volume increased over two-folds to ₹ 1,900 bn in FY19 from ₹ 850 bn in FY18 as per a report from CRISIL with most of the loans being sold by NBFCs (including HFCs) in the second half of the last fiscal. Securitisation is a good source for funding as the asset quality is stable and helps the companies manage their Asset-Liability Management (ALM) better. This has a positive impact on the Return on Asset and also improves the Capital Adequacy Ratio.

Annexure VII (Contd.)

NHB has proposed amendments to capital adequacy ratio (CAR) and some other norms to strengthen balance sheets, reduce leverage and cap the extent to which HFCs can raise public deposits. As per the revised guidelines proposed, the minimum threshold for CAR will increase from 12% currently to 15% by March 31, 2022 in a phased manner. There will also be a cap on leverage and public deposits.

OPPORTUNITIES

Lower effective interest rates:

Pradhan Mantri Awaz Yojana (PMAY) subsidy and tax incentives have led to lower effective interest rates for the affordable housing sector borrowers. This will provide good demand for housing in FY20 and beyond

Government Preference:

The current government has viewed housing as the core of its economic policy and announced various schemes and policies to increase home ownership. It has been realised that in addition to its social aspects, housing is also a key driver of economic growth with its ability to create employment and its linkages to multiple other sectors. Housing is the fourth largest contributor to Indian GDP and the sector has the potential to become the engine of domestic growth for the Indian economy in the coming years.

Demand for rural and semi urban sector:

With rising rural incomes and the government investing heavily in enhancing rural demand, there could be big demand coming from the rural and semi-urban areas. This will highly benefit the housing finance companies.

Others:

Urbanisation in India is very high. As compared to other countries, mortgage penetration in India is very low. With nuclearisation of families and having two-thirds of Indian population below 35 years of age, good demand for housing can be expected in FY20.

THREATS

Fall in real estate sales and unsold inventory

One of the major concerns is fall in sale of real estate projects. Due to change in GST rules which made estate developers to choose between the old tax rates and the new rates to help resolve input tax credit issues and the effect in 2016 of RERA, developers were cautious about launching new projects. Under RERA, the law imposes strict penalties in case of project delays. Huge unsold housing stock has also been forcing developers to refrain from launching new projects and focus on selling the existing inventory. Also, the ongoing liquidity crisis contributed to the rise in unsold inventory. Unsold inventory remains a threat in FY20 for the industry.

Disruption by new/emerging technologies

Besides using AI and Natural Language Processing (NLP) for first level customer interactions (chat box etc.), finance companies are using AI for risk management, marketing, portfolio management, HR, hiring, collections, and employee on-boarding. As companies grow digital channels, business growth increases the risk of doing business with an unknown entity on the other side of the device. High volumes of online payments, require review of vast quantities of transactions in thousands of a second, to manage existing compliance requirements.

GOING FORWARD

The ability to issue bonds backed by a strong balance sheet, utilise capital markets to securitise assets and source relatively low-cost foreign currency funding when required are all factors that will help an HFC platform deliver value. With a growing market, the opportunity lies in accessing new customers as opposed to just competing for market share with incumbents.

COMPANY OVERVIEW

IIFL Home Finance Ltd. (IIFL HFL) (previously known as India Infoline Housing Finance Ltd.), incorporated in 2006, is a 100% subsidiary of India Infoline Finance Limited (IIFL). IIFL HFL got registered with National Housing Bank (NHB) in 2009 and commenced operations. In line with its motto,'Ghar Aapka, Loan Hamaara', the company majorly provides home loans to customers for purchasing affordable homes. Besides, loans are also offered for home renovation and home construction. Loan against Property is provided to Small and Medium Enterprises (SMEs) for their working capital requirements, business use and to acquire commercial property and construction financing.

The Company is guided by the professional values and ethos of its parent and ultimate holding company, IIFL Finance Limited (formerly IIFL Holdings Limited). The Company has gained a reputation for reliability, transparency of operation and absolute integrity. Over the years, the Company has maintained its high quality loan and investment portfolios through focused customer approach, a comprehensive risk assessment process and thorough risk remediation procedure. The company aims to focus on steady earnings growth through conservative risk management techniques and by accessing low-cost funds.

BUSINESS OVERVIEW & STRATEGY

The Company has continued to show consistent performance despite some macroeconomic events taking place from second quarter of the last fiscal. The assets under management of the company have grown by 27% over the year building a book of ₹ 1,81,578.3 mn The home loan contributes to 67% of the assets under management with significant increase in low ticket size

Annexure VII (Contd.)

home loan disbursement during the year. The company plans to focus on strategic deeper penetration in certain geographies and further innovations in our digital processes to grow a granular book and ensure healthy portfolio quality. With further improvements to our digital platform, we are confident to improve upon cost efficiencies and reduction in credit cost.

SEGMENT OVERVIEW

Home Loans

We offer affordable home loans to diverse set of customers such as salaried, self-employed, professionals and entrepreneurs. We provide financial aid for home purchase, home renovation, home construction and plot purchase. Through our affordable home loans offering - Swaraj Home Loans, we cater to the underserved segment of the country.

Loan Against Property (LAP)

The Company offers loans backed by mortgage of residential or commercial properties to small and medium enterprises. These loans are predominantly used for working capital requirement, business use and purchase of commercial property. We also offer small ticket size variant named Samman.

Project Loans

The developers often need size-able funds for construction and development of residential and mixed-use projects. In line with our broader retail strategy, project loans is an important offering to the developers. The Construction Finance vertical provides retail loans under the Approved Project route, wherein the Company has tie-ups with developers for funding the property buyers under the retail home loan category.

FINANCIAL OVERVIEW

For the financial year ending March 31, 2019, AUM of the Company has grown by 27% y-o-y to ₹ 181,578.3 mn from ₹ 143,212.0 mn, as on March 31, 2018. The growth is driven significantly by the home loan segment which presently constitutes more than 67% of the total AUM as compared to 60% in last financial year. Loan book has grown by 7% y-o-y to ₹ 134,002.6 mn as on March 31, 2019 from 125,009.4 mn as on March 31, 2018. Loan Book growth is low in comparison to AUM growth due to high assignment of portfolio in the second half of the year.

For FY19, IIFL HFL reported a Profit After Tax (PAT) of ₹ 3,063.9 mn up by 32% y-o-y. With a capital adequacy of 21.0% (Tier-I CAR of 15.8%), the Company is well capitalized for growth. The Company has striven to maintain the key qualitative and quantitative parameters. The Company has continued to maintain decent return ratios, RoA of 2.2% and RoE of 22.5%. Gross NPA(IND AS) is 0.9% with provision coverage ratio of 23.9% for the year under review. Provision coverage ratio including standard asset provision (Stage1 and Stage 2) stands at 73.8%.

Provision charge for Expected Credit Loss as a percentage of average loan book stands at 0.1%.

RISKS AND CONCERNS

Risk Management

The Company has a well-defined risk governance structure which includes periodic reviews and close monitoring to enable building a sustainable business that takes care of the interests of all stakeholders. The Company's risk management policy is steered by the Board, with the overall responsibility assigned to the Risk Management Committee.

Regulatory Risk:

Regulatory risk is the risk that can materially impact a company due to changes in laws and regulations made by the government or a regulatory body like NHB, SEBI etc. It can increase the costs of operating the business, and/or change the competitive landscape. The Company is able to mitigate the same by making quick change in its systems and practices to realign itself with the changed regulatory framework from time to time as required.

Credit Risk:

Lending involves a number of risks, largely related to the credit-worthiness of the borrowers. A credit risk is the risk of default that may arise from a borrower failing to make payments towards their debt .This is inherent and most dominant of the risks in the lending business. The credit risk arises because of the quality of the loan portfolio and it is extremely important to control this risk. The same can be done by having a strong credit control mechanism in place with clear policies and guidelines.

The company's credit portfolio management ensures early identification of problematic loans using methodologies like lagged delinquency analysis, early default analysis, static pool analysis etc. Based on the continuous review mechanism, credit policies and processes are being reviewed and appropriate changes are undertaken. An independent internal audit team conducts regular review of credit files on a sample basis to ensure adherence to the policies.

Operational Risk:

Operational risk management is defined as a continuous process which includes risk assessment, decision making, and implementation of controls, which results in acceptance, mitigation or avoidance of risk. To have a preventive vigilance and control the transaction risk, Risk Containment Units have been established at major locations, wherein hind sighting, upfront scrutiny and curbing of malpractices are undertaken.

Annexure VII (Contd.)

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an elaborate system of internal controls, which is commensurate with the size, scale and complexity of its operations. Regular internal audits are conducted to check and to ensure that responsibilities are discharged effectively. Based on the report of the Internal Auditors, process owners undertake corrective actions, in their respective areas and thereby strengthen the controls.

HUMAN RESOURCES

Our people supported by digital power will prove to be our competitive advantage. To ensure that we remain agile and focused, we are harnessing digital power to build upon people and organizational capabilities. We are on our way to have an all inclusive digital ecosystem which will create a culture of fairness, transparency and process & policy compliance and hence ensure a sustainable and measurable organizational and people performance. We are creating a unique employee on-boarding experience, getting the right job-fit candidates in the system and ensuring right and timely interventions at each stage of employee life cycle at IIFL Home Finance, so that there is a unique employee journey for each employee to experience here.

Helping the employees learn within the flow of their work is our digital bite-sized learning app. We have now cut through the wastage of money, man-hour lost that happens in the classroom training and helped the employees learn on the fly in a very engaging multimedia & interactive way. For the high-fliers there are MDPs at premier B-schools to ensure their growth in organization is well-supported.

Our digital chat bot powered by AI is the listening tool of the organization which listens to employees with empathy and takes those voices to relevant stakeholders for them to action upon. It helps keeping the employees feel heard, stay engaged and aligned to organization's focus. It also helps us in our predictive analytics by checking the correlation between the mood trend and performance of different cohorts over time, and take the corrective action well within time.

Our workplace is on the path of becoming more inclusive and sustainable with focus on Complete Profitability, an ESG initiative. It is our aim to empower our employees to create their own Complete Profitability story through everyday steps towards sustainability. This with our ever-evolving policies, processes and interventions has helped us in becoming a Great Place to Work certified organization.

IIFL Home Finance is now a 'Great Place to Work' certified as on March 31, 2019.

As on March 31, 2019, the company has a strong workforce of 2,320 employees.

OUTLOOK

The Indian growth outlook for FY20 is positive as compared to FY19, with the primary growth drivers being private consumption and investment. With a weak global environment, India will have to rely on domestic factors. On the fiscal front, government is aiming to achieve a fiscal consolidation path, as a result of which growth will be gradual since the primary growth drivers are domestic in nature led by private expenditure.

For and on behalf of the Board of Directors

Monu Ratra	**Sumit Bali**
Executive Director & CEO	Director
DIN: 07406284	DIN: 02896088

Date: May 13, 2019
Place: Mumbai

Cautionary Statement

This document contains forward-looking statement and information. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risk and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. The Company does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.

INDEPENDENT AUDITOR'S REPORT

To The Members of IIFL Home Finance Limited (Formerly, India Infoline Housing Finance Limited)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of IIFL Home Finance Limited (Formerly, India Infoline Housing Finance Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules 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 is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report (Contd.)

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>1</td><td><u>Impairment of Financial Assets held at amortised cost:</u>

The Company exercises significant judgement using subjective 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 most significant areas are:

• Impairment models - Judgement is required to determine the inputs, methodologies, staging/restaging in case of Significantly Increased in Credit Risk ("SICR") cases and assumptions and these can significantly impact the provisions held. The most significant judgements include the segmentation level at which historical loss rates are calculated, the length of the recovery period and the loss emergence period applied to historical loss provisions.

  • Identification of impairment- Corporate exposures are individually assessed for impairment (including identification of cases with SICR) based on a borrower's financial performance, solvency, liquidity etc.

  • For Retail exposures, collective impairment allowances are calculated using models which approximate credit conditions on homogenous portfolios of loans.

• Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in Indian Accounting Standards (IND AS) 109 and determining related impairment provision requirements, this is considered to be the area that had a greater focus of our overall Company audit and a key audit matter.

As at March 31, 2019, the Company's gross loans and advances amounted to ₹ 151,232.52 million and the related impairment provisions amounted to ₹ 1,250.72 million, comprising ₹ 805.19 million of provision against Stage 1 and 2 exposures and ₹ 445.53 million against exposures classified under Stage 3.

Refer Note 38B.3 to the Financial Statements.</td><td><u>Principal audit procedure performed</u>

• We read the Company's Ind-AS 109 based impairment provisioning policy and compared it with the requirements of Ind-AS 109;

• We gained an understanding of the Company's key credit processes comprising granting, booking, monitoring, staging and provisioning and tested the operating effectiveness of key controls over these processes.

• We tested the completeness of loans and advances, off balance sheet items and other financial assets included in the Expected Credit Loss (ECL) calculations as of March 31, 2019;

• For data from external sources, we understood the process of choosing such data, its relevance for the Company, and the controls and governance over such data;

• Where relevant, we used Information System specialists to gain comfort on data integrity;

• We tested the data integrity and completeness of the Staging Report

• For a sample of exposures, we tested the appropriateness of staging into Stage 1, Stage 2 and Stage 3;

• For provision against exposures classified as Stage 1, Stage 2 and Stage 3, we obtained an understanding of the Company's provisioning methodology, consistency of various inputs and assumptions used, the reasonableness of the underlying assumptions and the sufficiency of the data used by the Management.

• For a sample of exposures, we tested the appropriateness of determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages;

• For a sample of exposures, we tested the appropriateness of determining Exposure at Default (EAD);

• For Probability of Default (PD) used in the ECL calculations we checked the Through the Cycle (TTC) PDs calculation and tested the appropriateness of conversion of the TTC PDs to point in time (PIT) PDs for a sample of exposures;

• For a sample of exposures, we tested the calculation of the Loss Given Default (LGD) used in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations;

• We involved our risk advisory specialists to assist in us in validating the models used by the Management to compute ECL

• We tested the appropriateness of the opening balance adjustments to verify the bifurcation of impairment loss into transition adjustment and charge for the period.</td></tr>
</table>

Independent Auditor's Report (Contd.)

Sr. No.	Key Audit Matter	Auditor's Response
2	**<u>Information Technology and General Controls</u>** The Company is highly dependent on technology due to significant number of transactions that are processed electronically daily. Accordingly, our audit procedures had a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included Access Security (including controls over privileged access), Program Change controls and Network Operations. Absence of segregation of duties may result in a risk of intended or unintended manipulation of data that could have a material effect on the completeness and accuracy of the financial statements. Due to the pervasive nature and use of IT systems, we continued to assess the risk of a material misstatement arising from access to technology as a significant matter for the audit.	**<u>Principal audit procedure performed</u>** For the key IT systems used to prepare accounting and financial information: • 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. Furthermore, we conducted a risk assessment and identified IT applications, databases and operating systems that are relevant to our audit; • We tested the design, implementation and operating effectiveness of the Company's General IT controls over the information systems that are critical to financial reporting. This included evaluation of Company's controls to ensure that access was provisioned / modified based on duly approved requests, access for exit cases was revoked in a timely manner and access of all users was re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users. • We tested the controls to ensure that segregation of duties was monitored and conflicting access was either removed or mapped to mitigating controls, which were documented and tested. • We tested the controls over network segmentation, restriction of remote access to the Company's network, controls over firewall configurations and mechanisms implemented by the Company to prevent, detect and respond to network security incidents. • We also tested automated business cycle controls and report logic for system generated reports relevant to the audit, for completeness and accuracy. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would impact the completeness and accuracy of data.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the financial statements and our auditor's report thereon. The Directors report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Directors report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Independent Auditor's Report (Contd.)

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

Independent Auditor's Report (Contd.)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.

    b) In our opinion, proper books of account as required by law have been kept by the Company.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Pallavi A. Gorakshakar
Partner
(Membership No.105035)

Place: Mumbai
Date: May 13, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **IIFL Home Finance Limited (Formerly, India Infoline Housing Finance Limited)** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Pallavi A. Gorakshakar
Partner
(Membership No.105035)

Place: Mumbai
Date: May 13, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program no physical verification has been conducted by the management during the year.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable. The Company being housing finance company, nothing contained in section 186, except sub-section (1), shall apply.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year, and hence reporting under clause (v) of CARO 2016 is not applicable.

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

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities. We are informed that the provisions of Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable;

(c) There are no dues of Income-tax and Goods and Services Tax as on March 31, 2019 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. During the year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

Annexure "B" to the Independent Auditor's Report (Contd.)

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Pallavi A. Gorakshakar
Partner
(Membership No.105035)

Place: Mumbai
Date: May 13, 2019

BALANCE SHEET
as at March 31, 2019

(₹ in Millions)

Particulars			Note No	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS						
1	**Financial Assets**					
	(a)	Cash and cash equivalents	4	8,081.04	3,919.10	904.27
	(b)	Bank balance other than (a) above	5	1,956.32	24.49	958.43
	(c)	Receivables	7			
		(I) Trade receivables		268.28	96.07	25.16
	(d)	Loans	8	133,997.49	123,961.32	88,348.82
	(e)	Investments	9	-	-	0.19
	(f)	Other financial assets	10	1,116.95	850.18	412.75
2	**Non-financial Assets**					
	(a)	Current tax assets (net)		141.15	155.05	79.00
	(b)	Deferred tax assets (net)	11	320.08	172.22	203.03
	(c)	Property, plant and equipment	12	44.67	26.46	14.16
	(d)	Other intangible assets	13	3.28	2.67	3.15
	(e)	Other non-financial assets	14	29.39	19.45	15.60
Total Assets				**145,958.65**	**129,227.01**	**90,964.56**
LIABILITIES AND EQUITY						
LIABILITIES						
1	**Financial Liabilities**					
	(a)	Derivative financial instruments	6	421.32	3.00	-
	(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		444.39	365.99	237.01
	(c)	Debt securities	16	22,154.93	26,344.58	26,903.28
	(d)	Borrowings (other than debt securities)	17	91,211.96	74,231.88	41,900.85
	(e)	Subordinated liabilities	18	6,377.24	4,445.95	2,600.88
	(f)	Other financial liabilities	19	8,508.30	10,951.03	8,747.43
2	**Non-financial Liabilities**					
	(a)	Current tax liabilities (net)		242.84	162.57	69.09
	(b)	Provisions	20	132.41	87.40	61.95
	(c)	Other non-financial liabilities	21	498.44	572.82	693.82
3	**Equity**					
	(a)	Equity share capital	22 A	209.68	199.68	199.68
	(b)	Other equity	22 B	15,757.14	11,862.11	9,550.57
Total liabilities and equity				**145,958.65**	**129,227.01**	**90,964.56**
See accompanying notes forming part of the financial statements			1-43			

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Pallavi A. Gorakshakar
Partner

R. Venkataraman
Director
(DIN: 00011919)

Monu Ratra
Executive Director & CEO
(DIN: 07406284)

Place : Mumbai
Date : May 13, 2019

Ajay Jaiswal
Company Secretary

Amit Gupta
Chief Financial Officer

STATEMENT OF PROFIT & LOSS
for the year ended March 31, 2019

(₹ in Millions)

Particulars		Note No	FY 2018-19	FY 2017-18
REVENUE FROM OPERATIONS				
(i)	Interest income	23	16,284.91	12,144.76
(ii)	Fees and commission income	24	687.55	551.52
(iii)	Net gain on fair value changes	25	227.39	68.36
(iv)	Net gain on derecognition of financial instruments under amortised cost category	26	280.72	392.56
(I)	**Total Revenue from Operations**		**17,480.57**	**13,157.20**
(II)	**Other Income**	27	976.79	352.88
(III)	**Total Income (I+II)**		**18,457.36**	**13,510.08**
EXPENSES				
(i)	Finance cost	28	11,022.55	7,767.01
(ii)	Impairment on financial instruments	29	195.12	344.21
(iii)	Employee benefits expenses	30	1,895.49	1,456.66
(iv)	Depreciation, amortization and impairment	12-13	22.78	11.51
(v)	Other expenses	31	827.51	567.29
(IV)	**Total Expenses**		**13,963.45**	**10,146.68**
(V)	**Profit Before Exceptional Items and Tax (III-IV)**		4,493.91	3,363.40
(VI)	**Exceptional Items**		-	-
(VII)	**Profit Before Tax (V -VI)**		**4,493.91**	**3,363.40**
(VIII)	**Tax Expenses:**			
	(i) Current tax	32	1,434.00	1,007.47
	(ii) Deferred tax	11	4.38	33.01
	(iii) Current tax expenses relating to prior years	32	(8.40)	7.29
	Total Tax Expenses		**1,429.98**	**1,047.77**
(IX)	**Profit for the Year (VII-VIII)**		**3,063.93**	**2,315.63**
(X)	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit (liabilities)/assets		(14.35)	(6.29)
	(b) Cash flow hedge (net)		(245.24)	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		152.24	2.20
	Subtotal (A)		**(107.35)**	**(4.09)**
	Other Comprehensive Income (A)		**(107.35)**	**(4.09)**
(XI)	**Total Comprehensive Income for the year (IX+X)**		**2,956.58**	**2,311.54**
(XII)	**Earnings per Equity Share (for continuing operations)**	33		
	Basic (₹)		150.91	115.97
	Diluted (₹)		150.91	115.97
	See accompanying notes forming part of the financial statements	1-43		

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place : Mumbai
Date : May 13, 2019

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

R. Venkataraman
Director
(DIN: 00011919)

Monu Ratra
Executive Director & CEO
(DIN: 07406284)

Ajay Jaiswal
Company Secretary

Amit Gupta
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2019

A. Equity Share Capital

(₹ in Millions)

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
As at March 31, 2019	199.68	10.00	209.68
As at March 31, 2018	199.68	-	199.68

B. Other Equity

(₹ in Millions)

Particulars	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Debenture Redemption Reserve	Retained Earnings	Other Comprehensive Income Effective portion of Cash Flow Hedges	Total
Balance as at April 01, 2017	**7,002.57**	**-**	**567.70**	**886.30**	**1,094.00**	**-**	**9,550.57**
Profit for the year	-	-	-	-	2,315.63	-	**2,315.63**
Remeasurement of defined benefit (Net of Tax) (Refer Note 5)	-	-	-	-	(4.09)	-	**(4.09)**
Transfer to Special Reserve (Refer Note 2)	-	-	395.00	-	(395.00)	-	**-**
Transfer to Debenture Redemption Reserve (Refer Note 3)	-	-	-	247.50	(247.50)	-	**-**
Additions during the year (Net)	-	-	-	-	-	-	**-**
Balance as at March 31, 2018	**7,002.57**	**-**	**962.70**	**1,133.80**	**2,763.04**	**-**	**11,862.11**
Profit for the year	-	-	-	-	3,063.93	-	**3,063.93**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 4)	-	-	-	-	-	(98.01)	**(98.01)**
Remeasurement of defined benefit (Net of Tax) (Refer Note 5)	-	-	-	-	(9.33)	-	**(9.33)**
Equity Dividend (Refer Note 6)	-	-	-	-	(41.94)	-	**(41.94)**
Dividend Distribution Tax	-	-	-	-	(8.62)	-	**(8.62)**
Transfer to General Reserve (Refer Note 1)	-	938.60	-	(938.60)	-	-	**-**
Transfer to Special Reserve (Refer Note 2)	-	-	613.00	-	(613.00)	-	**-**
Transfer to Debenture Redemption Reserve (Refer Note 3)	-	-	-	221.55	(221.55)	-	**-**
Additions during the year (Net) (Refer Note 7)	989.00	-	-	-	-	-	**989.00**
Balance as at March 31, 2019	**7,991.57**	**938.60**	**1,575.70**	**416.75**	**4,932.53**	**(98.01)**	**15,757.14**

Statement of Changes in Equity for the year ended March 31, 2019 (Contd.)

1. The General Reserve can be distributed / utilised by the Company in accordance with the Companies Act, 2013. During the year the Company has transferred ₹ 938.60 Millions (P.Y. ₹ Nil) from Debenture Redemption Reserve to General Reserve on account of redemption of debenture offered through public issue.
2. Pursuant to section 29C of the National Housing Bank Act, 1987 the Company is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared. Amount of ₹ 561.93 Millions (P.Y. ₹ 382.41 Millions) has been transferred towards special reserve u/s 36(1)(viii) of Income Tax Act, 1961, which has also been considered for creating special reserve of ₹ 613.00 Millions (P.Y. ₹ 395.00 Millions) under section 29C(i) of the National Housing Bank Act, 1987.
3. Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, the Company being a Housing Finance Company is required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures outstanding, which were offered through public issue. Accordingly, ₹ 221.55 Millions (P.Y. ₹ 247.50 Millions) has been transferred to Debenture Redemption Reserve Account for the year ended March 31, 2019.
4. The amount refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
5. 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.
6. During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 2/- (P.Y. ₹ Nil/-) per equity share.
7. The amount received in excess of face value of the equity shares is recognised in Securities Premium. During the year, the Company has issued Equity shares at a premium of ₹ 990/- per share on rights issue basis. Total additions to Securities Premium is after netting of share issue expenses of ₹ 1.00 Millions.

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner

Place : Mumbai
Date : May 13, 2019

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

R. Venkataraman
Director
(DIN: 00011919)

Monu Ratra
Executive Director & CEO
(DIN: 07406284)

Ajay Jaiswal
Company Secretary

Amit Gupta
Chief Financial Officer

STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(₹ in Millions)

Particulars	Note No	FY 2018-19	FY 2017-18
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**4,493.91**	**3,363.40**
Adjustments for:		-	-
Depreciation, amortization and impairment	12-13	22.78	11.51
Gratuity expenses		8.19	3.60
Leave encashment expenses		23.71	8.72
Impairment on financial instruments - loans	29	15.54	331.39
Interest expenses	28	10,985.48	7,738.10
Interest on loans	23	(16,139.22)	(12,068.72)
Interest on deposits with banks	23	(145.69)	(76.04)
Net gain on derecognition of financial instruments	26	(280.71)	(392.57)
Exchange fluctuation on borrowings		(3.00)	3.00
Net gain on fair value changes		(227.39)	(73.58)
Loss on sale of fixed assets [net]		0.87	0.99
Interest paid		(10,693.63)	(7,706.98)
Interest received on loans		15,767.39	11,810.68
Interest received on deposits with banks		136.14	70.54
(Gain)/ loss on buy back of debt securities		(1.16)	5.23
Loss on buy back of borrowings		15.03	1.34
Operating profit before working capital changes		**3,978.24**	**3,030.61**
Changes in working capital:			
Adjustments for (increase)/decrease in financial & non-financial assets		(158.53)	(119.38)
Adjustments for increase/(decrease) in financial & non-financial liabilities		(2,777.01)	2,077.70
Direct taxes paid		(1,331.43)	(997.33)
Cash generated from Operations		**(288.73)**	**3,991.60**
Loans (disbursed) / repaid (net)		(9,679.89)	(35,685.85)
Net Cash used in Operating Activities (A)		**(9,968.62)**	**(31,694.25)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(41.39)	(26.15)
Sale of fixed assets		1.71	1.18
Fixed deposits placed		(1,858.26)	(1,338.15)
Fixed deposits matured		1,253.48	934.04
Purchase of investments		(768,581.00)	(266,665.87)
Proceeds from sale of investments		768,808.39	266,739.63
Net Cash used in Investing Activities (B)		**(417.07)**	**(355.32)**

Statement of Cash Flows for the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	Note No	FY 2018-19	FY 2017-18
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from fresh issue of equity shares		1,000.00	-
Share issue expenses		(1.00)	-
Dividend paid (including dividend distribution tax)		(50.56)	-
Proceeds from borrowings		169,680.59	174,691.68
Repayment of borrowings		(152,533.47)	(142,239.06)
Proceeds from issue of debt securities		14,006.99	3,520.60
Repayment of debt securities		(18,190.11)	(4,102.78)
Proceeds from issue of subordinated debt		1,965.16	1,850.00
Net Cash Generated from Financing Activities (C)		**15,877.60**	**33,720.44**
Net increase in cash and cash equivalents (A+B+C)		**5,491.91**	**1,670.87**
Cash and cash equivalents as at the beginning of the year		2,575.14	904.27
Cash and cash equivalents as at the end of the year		**8,067.05**	**2,575.14**
See accompanying notes forming part of the financial statements	1-43		

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Pallavi A. Gorakshakar
Partner

R. Venkataraman
Director
(DIN: 00011919)

Monu Ratra
Executive Director & CEO
(DIN: 07406284)

Place : Mumbai
Date : May 13, 2019

Ajay Jaiswal
Company Secretary

Amit Gupta
Chief Financial Officer

Notes forming part of Financial Statements

as at and for year ended March 31, 2019

NOTE 1. CORPORATE INFORMATION

(a) Company overview

IIFL Home Finance Limited, formerly known as India Infoline Housing Finance Limited (IIFL HFL), is a wholly owned subsidiary of India Infoline Finance 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"), as amended from time to time.

(b) Basis of preparation and presentation of financial statements

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of The Companies Act, 2013 ("Act").

Accounting policies have been consistently applied except where a newly issued Accounting Standards is initially adopted or a revision to an existing Accounting Standards requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such value in use in Ind AS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

(c) 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.

(d) Statement of compliance

The financial statements of the Company have been prepared in accordance with the provisions of the Act and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013 along with the applicable guidelines issued by the NHB. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

The financials for the year ended March 31, 2019 of the Company are the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 01, 2017. The financial statements upto the year ended March 31, 2018, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2018 have now been restated under Ind AS to provide comparability. Refer Note 3 for the details of first-time adoption exemptions availed by the Company.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(e) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC") (which includes Housing Finance Companies). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the NHB.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

i. Interest income and dividend income

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

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

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

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

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

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Company's Statement of Profit and Loss include, among other things, fees charged for servicing a loan. Fees and charges are recognised as and when they become due and the revenue can be reliably measured and reasonable right of recovery is established.

Fee and commission expenses with regards to services are accounted for as the services are received.

iii. Income from financial instruments at FVTPL

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL.

iv. Assignment transactions

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transaction. Further, the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as interest only strip receivable (interest strip on assignment) and correspondingly recognised as profit on derecognition of financial asset.

v. Securitisation transactions

In accordance with Ind AS 109, in case of securitisation transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

vi. Other operational revenue

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

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

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

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

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.

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

The estimated useful life of assets is as under:

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

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

Capital work in progress

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

(c) Intangible assets

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

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

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

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

(d) Investment property

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Profit or Loss in the period in which the Investment property is derecognised. Freehold land and properties under construction are not depreciated.

(e) Impairment of tangible and intangible assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, intangible assets and investment property assets to determine whether

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

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

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

(f) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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 recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to the Statement of Profit and Loss.

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

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Long term employee benefits: The obligation recognised in respect of long term benefits 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 recognised in a similar manner as in the case of defined benefit plan above.

Short term employee benefits: The undiscounted amount of employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences.

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases.

Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight-line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

(h) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

(i) Taxes on income

Current tax

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

Deferred tax

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

Deferred tax assets are generally recognised 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 utilised. 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 recognised 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 realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised. 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 recognised 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 recognised in the Statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(j) Financial instruments

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

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

Financial assets

Classification and measurement

The Company classifies its financial assets into the following measurement categories: amortised cost; fair value through

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

other comprehensive income; and fair value through profit or loss.

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the Statement of Profit or Loss.

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, 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 amortised cost.

Financial instruments measured at amortised cost

Debt instruments that meet the following criteria are measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument; therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Debt instruments that are subsequently measured at amortised cost are subject to impairment.

Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in Statement of profit or loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognised in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit or Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

Instruments that do not meet the amortised cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Statement of Profit and Loss. The gain or loss on disposal is recognised in the Statement of Profit and Loss.

Interest income is recognised in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognised when the Company's right to receive dividend is established.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Impairment of financial assets

Company recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR. Vintage loss curve model is used for ECL computation of retail portfolio which involves assessment of performance of segmented portfolio over a time period. The model tracks month-wise losses during the loan tenor. Vintage loss rate models provide a simple, reasonable model for both one-year and lifetime expected credit loss forecasts. For wholesale portfolio, ECL computation is done for each loan account based on CRISIL default study and International Review Board ("IRB") guidelines.

ECL is 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 measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Key elements of ECL computation are outlined below:

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognised and is still in the portfolio.
- Loss given default ("LGD") estimates the normalised loss which Company incurs post customer default. It is usually expressed as a percentage of the Exposure at default ("EAD").
- Effective interest rate ("EIR") is the rate that discounts estimated future cash flows through the expected life of financial instrument. For calculating EIR any upfront fees needs to be excluded from the loans and advance amount.

Credit impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

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 as per the applicable prudential regulatory norms.

Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's expert credit assessment.

Modification and 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 maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified, the Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write-off

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

Financial liabilities and equity Instruments

Debt and equity instruments that are issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

(k) 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.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in 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 recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(l) Cash and bank balances

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(m) Goods and service tax input credit

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

(n) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(o) Foreign currencies

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

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

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

(p) Segment reporting

The Company's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Company revolve around the main business. The risk and returns of the business of the

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments.

(q) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

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

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

Contingent liability is disclosed in case of:

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

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

(r) Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

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

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

(s) 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 recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

2.1 Recent pronouncements

Ind AS 116 Leases:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing Leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The Company is in the process of evaluating the option to be exercised for implementation of IND AS 116 and assessing the impact of this standard.

Ind AS 12 Appendix C, uncertainty over income tax treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, uncertainty over income tax treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or Company of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Amendment to Ind AS 12–Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company is currently assessing the impact of this amendment on the financial statements.

Amendment to Ind AS 19– Employee Benefits:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019.

The Company is currently assessing the impact of this amendment on the financial statements.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 3. FIRST TIME ADOPTION OF IND AS

The Company has prepared opening Balance Sheet as per Ind AS as of April 01, 2017 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, derecognising items of assets or liabilities which are not permitted to be recognised by Ind AS, reclassifying items from Previous GAAP to Ind AS as required, and applying Ind AS to measure the recognised assets and liabilities. The exemptions availed by the Company are as follows:

(i) The Company has adopted the carrying value determined in accordance with Previous GAAP for all of its property, plant and equipment as deemed cost of such assets at the transition date.

(ii) The Company has applied the derecognition requirements of financial assets and financial liabilities retrospectively.

(iii) The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, as permitted by Ind AS 101, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition.

(iv) The estimates as at April 01, 2017 and as at March 31, 2018 are consistent with those made for the same dates in accordance with the Previous GAAP.

(v) Reconciliation of total comprehensive income for the year ended March 31, 2018 is summarised as follows:

(₹ in Millions)

Particulars	Notes	FY 2017-18
Profit After Tax as reported under Previous GAAP		**1,974.09**
Provision for expected credit loss	3	35.67
Effective Interest Rate for financial assets recognised at amortised cost	1	(83.41)
Effective Interest Rate for financial liabilities recognised at amortised cost	2	(1.46)
Net Gain on derecognition of loans sold under assignment transaction	4	392.57
Actuarial gain/(loss) on employee defined benefit plan recognised in 'Other comprehensive income' as per Ind AS 19	6	6.29
ESOP Compensation Cost	9	(12.84)
Reversal of Deferred tax liability on Special Reserve	10	127.11
Deferred tax impact on above adjustments	8	(122.39)
Profit After Tax as reported under Ind AS		2,315.63
Other Comprehensive Income (Net of tax)	6	(4.09)
Total Comprehensive Income as reported under Ind AS		**2,311.54**

(vi) Reconciliation of equity as reported under previous GAAP is summarised as follows:

(₹ in Millions)

Particulars	Notes	As at April 01, 2017 (Date of Transition)	As at March 31, 2018 (end of last period presented under previous GAAP)
Equity as reported under previous GAAP		**9,535.00**	**11,509.09**
Provision for expected credit loss	3	(7.85)	27.81
Effective Interest Rate for financial assets recognised at amortised cost	1	(311.90)	(395.31)
Effective Interest Rate for financial liabilities recognised at amortised cost	2	(6.00)	(7.46)
Net Gain on derecognition of loans sold under assignment transaction	4	386.79	779.35
ESOP Compensation Cost	9	(10.61)	(23.45)
Reversal of Deferred tax liability on Special Reserve	10	185.94	313.07
Deferred tax impact on above adjustments	8	(21.12)	(141.31)
Equity as reported under Ind AS		**9,750.25**	**12,061.79**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(vii) Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2018:

(₹ in Millions)

Particulars	Note	Previous GAAP	Adjustments	Ind AS
Net cash used in Operating Activities (A)	5	(32,637.58)	(943.33)	(31,694.25)
Net Cash used in Investing Activities (B)		(355.32)	-	(355.32)
Cash generated from Financing Activities (C)	5	34,663.77	943.33	33,720.44
Net increase in cash and cash equivalents (A+B+C)		**1,670.87**	**-**	**1,670.87**
Cash and cash equivalents as at the beginning of the year		904.27	-	904.27
Cash and cash equivalents as at the end of the year		**2,575.14**	**-**	**2,575.14**

Equity Reconciliation as at March 31, 2018

(₹ in Millions)

Sr. no.	Particulars	Note no.	Previous GAAP	Adjustments	Ind AS
(1)	**Financial Assets**				
(a)	Cash and cash equivalents		3,919.10	-	3,919.10
(b)	Bank balance other than (a) above		24.49	-	24.49
(c)	Receivables				
	(I) Trade receivables		96.07	-	96.07
(d)	Loans	1 & 5	119,813.57	4,147.75	123,961.32
(e)	Investments		-	-	-
(f)	Other financial assets	4	70.83	779.35	850.18
(2)	**Non-financial Assets**				
(a)	Current tax assets (net)		155.05	-	155.05
(b)	Deferred tax assets (net)	8	0.46	171.76	172.22
(c)	Property, plant and equipment		26.46	-	26.46
(d)	Other intangible assets		2.67	-	2.67
(e)	Other non-financial assets		19.45	-	19.45
Total Assets			**124,128.15**	**5,098.86**	**129,227.01**
LIABILITIES AND EQUITY					
(1)	**Financial Liabilities**				
(a)	Derivative financial instruments		3.00	-	3.00
(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		365.99	-	365.99
(c)	Debt securities	2	26,343.95	0.63	26,344.58
(d)	Borrowings (other than debt securities)	2 & 5	68,384.77	5,847.11	74,231.88
(e)	Subordinated liabilities	2	4,446.12	(0.17)	4,445.95
(f)	Other financial liabilities	5 & 9	11,746.35	(795.32)	10,951.03
(2)	**Non-financial liabilities**				
(a)	Current tax liabilities (net)		162.57	-	162.57
(b)	Provisions	3	593.50	(506.10)	87.40
(c)	Other non-financial liabilities		572.82	-	572.82
(3)	**Equity**				
(a)	Equity share capital		199.68	-	199.68
(b)	Other equity		11,309.40	552.71	11,862.11
Total Liabilities and Equity			**124,128.15**	**5,098.86**	**129,227.01**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Equity Reconciliation as at April 01, 2017

(₹ in Millions)

Sr. no.	Particulars	Note no.	Previous GAAP	Adjustments	Ind AS
(1)	**Financial Assets**				
	(a) Cash and cash equivalents		904.27	-	904.27
	(b) Bank balance other than (a) above		958.43	-	958.43
	(c) Receivables				
	(I) Trade receivables		25.16	-	25.16
	(d) Loans	1 & 5	82,074.79	6,274.03	88,348.82
	(e) Investments		0.19	-	0.19
	(f) Other financial assets	4	25.97	386.78	412.75
(2)	**Non-financial Assets**				
	(a) Current tax assets (net)		79.00	-	79.00
	(b) Deferred tax assets (net)	8	38.20	164.83	203.03
	(c) Property, plant and equipment		14.16	-	14.16
	(d) Other intangible assets		3.15	-	3.15
	(e) Other non-financial assets		15.60	-	15.60
Total Assets			**84,138.92**	**6,825.64**	**90,964.56**
LIABILITIES AND EQUITY					
(1)	**Financial Liabilities**				
	(a) Derivative financial instruments		-	-	-
	(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		237.01	-	237.01
	(c) Debt securities	2	26,901.67	1.61	26,903.28
	(d) Borrowings (other than debt securities)	2 & 5	35,112.85	6,788.00	41,900.85
	(e) Subordinated liabilities	2	2,601.05	(0.17)	2,600.88
	(f) Other financial liabilities	5 & 9	8,926.48	(179.05)	8,747.43
(2)	**Non-financial liabilities**				
	(a) Current tax liabilities (net)		69.09	-	69.09
	(b) Provisions		61.95	-	61.95
	(c) Other non-financial liabilities		693.82	-	693.82
(3)	**Equity**			-	
	(a) Equity share capital		199.68	-	199.68
	(b) Other equity		9,335.32	215.25	9,550.57
Total Liabilities and Equity			**84,138.92**	**6,825.64**	**90,964.56**

The Previous GAAP figures have been reclassified/regrouped/re-arranged to conform to Ind AS presentation requirements for the purpose of this note.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Reconciliation of Statement of Profit and Loss for the year ended March 31, 2018

(₹ in Millions)

Sr. no.	Particulars	Note no.	Previous GAAP	Adjustments	Ind AS
	REVENUE FROM OPERATIONS				
(i)	Interest income	1	11,611.51	533.25	12,144.76
(ii)	Fees and commission income	1	655.25	(103.73)	551.52
(iii)	Net gain on fair value changes		68.36	-	68.36
(iv)	Net gain on derecognition of financial instruments under amortised cost category	4	(0.00)	392.56	392.56
(I)	**Total Revenue from Operations**		**12,335.12**	**822.08**	**13,157.20**
(II)	**Other Income**		352.88	-	352.88
(III)	**Total Income (I+II)**		**12,688.00**	**822.08**	**13,510.08**
	EXPENSES				
(i)	Finance cost	2	7,252.62	514.39	7,767.01
(ii)	Impairment on financial instruments	3	379.88	(35.67)	344.21
(iii)	Employee benefits expenses	6 & 9	1,450.11	6.55	1,456.66
(iv)	Depreciation, amortization and impairment		11.51	-	11.51
(v)	Other expenses		567.29	-	567.29
(IV)	**Total Expenses (IV)**		**9,661.41**	**485.27**	**10,146.68**
(V)	**Profit Before Exceptional Items and Tax (III-IV)**		**3,026.59**	**336.81**	**3,363.40**
(VI)	**Exceptional Items**		-	-	-
(VII)	**Profit Before Tax (V -VI)**		**3,026.59**	**336.81**	**3,363.40**
(VIII)	**Tax Expenses:**				
	(i) Current tax		1,007.47	-	1,007.47
	(ii) Deferred tax	8	37.74	(4.73)	33.01
	(iii) Current tax expenses relating to prior years		7.29	-	7.29
	Total Tax Expenses		**1,052.50**	**(4.73)**	**1,047.77**
(IX)	**Profit for the year (VII-VIII)**		**1,974.09**	**341.54**	**2,315.63**
(X)	**Other Comprehensive Income**				
	A (i) Items that will not be reclassified to profit or loss				
	(a) Remeasurement of defined benefit (liabilities)/assets	6	-	(6.29)	(6.29)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	8	-	2.20	2.20
	Subtotal (A)		**-**	**(4.09)**	**(4.09)**
	Other Comprehensive Income (A)		**-**	**(4.09)**	**(4.09)**
(XI)	**Total Comprehensive Income for the period (IX+X)**		**1,974.09**	**337.45**	**2,311.54**

1. **EIR on loans**

   Under Previous GAAP, loan processing fees (net of direct sourcing cost) received in connection with loans portfolios was recognised upfront and credited to Statement of Profit and loss for the year. Under Ind AS, loan processing fee is credited to the Statement of Profit and Loss using the effective interest rate method. The unamortised portion of loan processing fee is adjusted from the loan portfolio.

2. **EIR on borrowings**

   Under Previous GAAP, transaction costs incurred in connection with borrowings were amortised over the period and charged to the Statement Profit and Loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to the Statement Profit and Loss using the effective interest method. The unamortised portion of transaction costs is adjusted from respective Borrowings.

3. **Expected Credit Loss on loans & advances**

   Under Previous GAAP, Non performing Assets ("NPA") provisioning was computed based on the prudential norms issued by National Housing Bank. Under Ind AS, the impairment is computed based on ECL model. The differential impact upon adoption of ECL model has been adjusted in Retained Earnings.

   Under Previous GAAP Loans and Advances were presented net of provision for NPA and provision against Standard Assets were presented under provisions. However, under Ind AS, Loans and Advances measured at amortised cost and FVTOCI are presented net of provisions for expected credit losses.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

4. Net Gain on derecognition of loans sold under assignment transaction

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transaction. Further, the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as interest only strip receivable (interest strip on assignment) and correspondingly recognised as profit on derecognition of financial asset.

5. Derecognition of financial assets

Under Previous GAAP, assets were de-recognised, if and only if, the Company had lost the control of the Contractual rights that comprised of the corresponding pools transferred. Future interest spread receivable in case of par structure deals were recognised over the tenure of the agreements as per applicable guidelines / directions. Under Ind AS, the Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. Under Ind AS, since the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

6. Defined benefit obligations

Actuarial gains and losses pertaining to defined benefit obligations and re-measurement pertaining to return on plan assets are recognised in Other Comprehensive Income in accordance with Ind AS 19 and are not reclassified to the Statement of Profit and Loss.

7. Derivatives

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

8. Deferred tax

Deferred tax is the tax impact of all adjustments between Previous GAAP and Ind AS.

9. ESOP Compensation Cost

ESOP charge is accounted using fair value method. The portion of ESOP charge payable to Holding Company and Ultimate Holding Company is accordingly measured and recognised at fair value. Under Previous GAAP ESOP charge was calculated based on intrinsic value method.

10. Reversal of Deferred tax liability on Special Reserve

As required by the NHB, the Company had recognised deferred tax liability (DTL) in respect of the balance in the Special Reserve created under section 36(1)(viii) of the Income-tax Act, 1961. The Company believes that the Special Reserve will not be utilised for payment of dividend or any other purpose and accordingly it does not result in a difference in tax base. Hence, DTL on Special Reserve has been reversed to comply with Ind AS 12 on Income Taxes.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash and cash equivalents			
Cash on hand	10.12	5.44	-
Cheques in hand	38.40	75.11	-
Balance with banks	-	-	-
-In current accounts	4,018.52	2,494.59	904.27
Fixed deposits (original maturity less than or equal to three months)	4,000.00	-	-
Total cash and cash equivalents (as per Ind AS 7 statement of cash flows)	**8,067.04**	**2,575.14**	**904.27**
Fixed deposits (original maturity less than or equal to three months) - lien marked	-	1,338.15	-
Accrued interest on fixed deposits	14.00	5.81	-
Cash and cash equivalents	**8,081.04**	**3,919.10**	**904.27**

Out of the fixed deposits shown above:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Lien marked	-	10.00	-
Margin for credit enhancement	-	1,328.15	-
Other deposits	4,000.00	-	-
Total	**4,000.00**	**1,338.15**	**-**

NOTE 5. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Other bank balances			
In earmarked accounts	-	-	-
-Unclaimed NCD dues	12.02	24.49	24.09
Balances with banks - lien marked	-	-	-
In deposit account (original maturity more than three months)	1,942.93	-	934.04
Accrued interest on fixed deposits	1.37	-	0.30
Total	**1,956.32**	**24.49**	**958.43**

Out of the fixed deposits shown above:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Lien marked	620.03	-	10.00
Margin for credit enhancement	1,322.90	-	924.04
Total	**1,942.93**	**-**	**934.04**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 6. DERIVATIVES FINANCIAL INSTRUMENTS

(₹ in Millions)

Part I	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Notional amounts	Fair value - assets	Fair value - liabilities	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	-	413.13	900.00	-	3.00	-	-	-
Subtotal (i)	**3,630.75**	**-**	**413.13**	**900.00**	**-**	**3.00**	**-**	**-**	**-**
(ii) Other derivatives									
-Forward exchange contract	350.00	-	8.19	-	-	-	-	-	-
Subtotal (ii)	**350.00**	**-**	**8.19**	**-**	**-**	**-**	**-**	**-**	**-**
Total derivative (i+ii)	**3,980.75**	**-**	**421.32**	**900.00**	**-**	**3.00**	**-**	**-**	**-**

(₹ in Millions)

Part II	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Notional amounts	Fair value - assets	Fair value - liabilities	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	3,980.75	-	421.32	-	-	-	-	-	-
(ii) Undesignated derivatives	-	-	-	900.00	-	3.00	-	-	-
Total derivative financial instruments (i+ii)	**3,980.75**	**-**	**421.32**	**900.00**	**-**	**3.00**	**-**	**-**	**-**

Credit risk

(₹ in Millions)

Particulars	Total		Exchange traded		Over the counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
As at March 31, 2019						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	**3,980.75**	**421.32**	-	-	3,980.75	421.32
As at March 31, 2018						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-
As at April 01, 2017						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-

6.1 Hedging activities and derivatives

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

6.1.1 Derivatives designated as hedging instruments

The foreign currency and interest rate risk on borrowings have been actively hedged through a combination of forward contracts and cross currency interest rate swaps.

The Company is exposed to interest rate risk arising from its foreign currency borrowings amounting to USD 55.00 Millions (March 31, 2018 USD 13.35 Millions and April 01, 2017 USD 13.35 Millions). Interest on the borrowing is payable at a floating rate linked to USD LIBOR. The Company economically hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

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 relating interest rate and currency risk 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. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in "Cash Flow Hedge Reserve" under Other Equity and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the Forward contracts/ Cross Currency Interest Rate Swaps match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date etc.). The 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.

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Notional amount	3,980.75	-	-
Carrying amount	421.32	-	-
Line item in the statement of financial position	Derivative financial instrument	-	-
Change in fair value used for measuring ineffectiveness for the year	(98.01)	-	-

(₹ in Millions)

Impact of hedging item	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Change in fair value	(98.01)	-	-
Cash flow hedge reserve	(98.01)	-	-
Cost of hedging	-	-	-

(₹ in Millions)

Effect of Cash flow hedge	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Total hedging gain / (loss) recognised in OCI	(98.01)	-	-
Ineffectiveness recognised in profit or (loss)	-	-	-

NOTE 7. RECEIVABLES

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i) Trade receivables			
Receivables considered good - unsecured	268.28	96.07	25.16
Total - gross	**268.28**	**96.07**	**25.16**
Less: Impairment loss allowance	-	-	-
Total	**268.28**	**96.07**	**25.16**

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 Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars		Good	Doubtful	Loss	Total
ECL					
March 31, 2019	Gross carrying amount	268.28	-	-	268.28
	ECL - Simplified approach	-	-	-	-
	Net carrying amount	268.28	-	-	268.28
March 31, 2018	Gross carrying amount	96.07	-	-	96.07
	ECL - Simplified approach	-	-	-	-
	Net carrying amount	96.07	-	-	96.07
April 01, 2017	Gross carrying amount	25.16	-	-	25.16
	ECL - Simplified approach	-	-	-	-
	Net carrying amount	25.16	-	-	25.16

Reconciliation of impairment allowance on trade receivables:

Particulars	(₹ in Millions)
Impairment loss allowance as at April 01, 2017	-
Add: Addition during the year	-
(Less): Reduction during the year	-
Impairment loss allowance as at March 31, 2018	-
Add: Addition during the year	-
(Less): Reduction during the year	-
Impairment loss allowance as at March 31, 2019	-

The Company has adopted simplified approach for impairment loss allowance on trade receivables. The managements expects no default in receipt of trade receivables; also there is no history of default observed by the management. Hence, no ECL has been recognised on trade receivables.

NOTE 8. LOANS

(₹ in Millions)

Particulars	As at March 31, 2019		
	Amortised cost (1)	FVTOCI* (2)	Total (3=1+2)
Loans			
(A)			
(i) Term loans	100,248.20	35,000.00	135,248.20
Total (A) - Gross	**100,248.20**	**35,000.00**	**135,248.20**
Less: Impairment loss allowance	(1,129.80)	(120.91)	(1,250.71)
Total (A) - Net	**99,118.40**	**34,879.09**	**133,997.49**
(B)			
(i) Secured by tangible assets	100,198.20	35,000.00	135,198.20
(ii) Unsecured	50.00	-	50.00
Total (B) - Gross	**100,248.20**	**35,000.00**	**135,248.20**
Less: Impairment loss allowance	(1,129.80)	(120.91)	(1,250.71)
Total (B) - Net	**99,118.40**	**34,879.09**	**133,997.49**
(C)			
Loans in India	**100,248.20**	**35,000.00**	**135,248.20**
(i) Public sector	-	-	-
(ii) Others	100,248.20	35,000.00	135,248.20
Less: Impairment loss allowance	(1,129.80)	(120.91)	(1,250.71)
Total (C) - Net	**99,118.40**	**34,879.09**	**133,997.49**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2018		
	Amortised cost (1)	FVTOCI* (2)	Total (3=1+2)
Loans			
(A)			
(i) Term loans	101,339.14	23,833.85	125,172.99
Total (A) - Gross	**101,339.14**	**23,833.85**	**125,172.99**
Less: Impairment loss allowance	(1,138.82)	(72.85)	(1,211.67)
Total (A) - Net	**100,200.32**	**23,761.00**	**123,961.32**
(B)			
(i) Secured by tangible assets	101,289.14	23,833.85	125,122.99
(ii) Unsecured	50.00	-	50.00
Total (B) - Gross	**101,339.14**	**23,833.85**	**125,172.99**
Less: Impairment loss allowance	(1,138.82)	(72.85)	(1,211.67)
Total (B) - Net	**100,200.32**	**23,761.00**	**123,961.32**
(C)			
(I) Loans in India	**101,339.14**	**23,833.85**	**125,172.99**
(i) Public sector	-	-	-
(ii) Others	101,339.14	23,833.85	125,172.99
Less: Impairment loss allowance	(1,138.82)	(72.85)	(1,211.67)
Total (C) - Net	**100,200.32**	**23,761.00**	**123,961.32**

(₹ in Millions)

Particulars	As at April 01, 2017		
	Amortised cost (1)	FVTOCI* (2)	Total (3=1+2)
Loans			
(A)			
(i) Term loans	76,816.91	12,288.60	89,105.51
Total (A) - Gross	**76,816.91**	**12,288.60**	**89,105.51**
Less: Impairment loss allowance	(732.77)	(23.92)	(756.69)
Total (A) - Net	**76,084.14**	**12,264.68**	**88,348.82**
(B)			
(i) Secured by tangible assets	76,766.91	12,288.60	89,055.51
(ii) Unsecured	50.00	-	50.00
Total (B) - Gross	**76,816.91**	**12,288.60**	**89,105.51**
Less: Impairment loss allowance	(732.77)	(23.92)	(756.69)
Total (B) - Net	**76,084.14**	**12,264.68**	**88,348.82**
(C)			
(I) Loans in India	**76,816.91**	**12,288.60**	**89,105.51**
(i) Public sector	-	-	-
(ii) Others	76,816.91	12,288.60	89,105.51
Less: Impairment loss allowance	(732.77)	(23.92)	(756.69)
Total (C) - Net	**76,084.14**	**12,264.68**	**88,348.82**

* Loans classified under FVTOCI relate to those available for sale in their present condition.

a. Secured loans given to customers are secured by equitable mortgage of property.

b. Fair value of FVTOCI loans approximates the carrying value of Loans

c. Secured loans include loans aggregating in ₹ 19.43 Millions (as at March 31, 2018, ₹ 3.91 Millions and as at April 01, 2017, ₹ 1.13 Millions) in respect of which the creation of security is under process.

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Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 9. INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2019 FVTPL	As at March 31, 2018 FVTPL	As at April 01, 2017 FVTPL
(A)			
Debt securities	-	-	0.19
Total – Gross (A)	**-**	**-**	**0.19**
(B)			
(i) Investments in India	-	-	0.19
Total (B)	**-**	**-**	**0.19**
Total (A) to tally with (B)	**-**	**-**	**-**
(C)			
Less: Impairment loss allowance	-	-	-
Total- Net (A-C)	**-**	**-**	**0.19**

As at April 01, 2017, total number of debt securities is 178 of India Infoline Housing Finance Limited having face value of ₹ 0.18 Millions.

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Security deposit for rented premises			
- Unsecured, considered good	20.12	15.92	15.88
- Unsecured, considered doubtful *	8.29	6.38	-
Deposits with exchange	-	10.00	10.00
Interest strip asset on assignment	1,060.07	779.35	386.79
Other receivables	28.47	38.53	0.08
Total	**1,116.95**	**850.18**	**412.75**

* The amount includes doubtful deposit to the extent of ₹ 8.29 Millions (March 31, 2018, ₹ 6.38 Millions and April 01, 2017 ₹ Nil/-) for which Company carries a provision of ₹ 8.29 Millions (March 31, 2018, ₹ 6.38 Millions and April 01, 2017 ₹ Nil/-) which is grouped under Trade Payables- Provision for Expenses (Refer Note 15).

NOTE 11. DEFERRED TAX ASSETS (NET)

Significant components of deferred tax assets and liabilities as at March 31, 2019 are as follows:

(₹ in Millions)

Particulars	Opening balance	Recognised in Statement of Profit and Loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:				
Property, plant and equipment	1.22	1.33	-	2.55
Provisions, allowances for doubtful receivables and loans	366.93	5.43	-	372.36
Provision for employee benefits	9.22	2.68	5.01	16.91
MTM on derivative financial instruments	-	-	147.23	147.23
Expenses deductible in future years	2.61	2.59	-	5.20
Total deferred tax assets (A)	**379.98**	**12.03**	**152.24**	**544.25**
Deferred tax liabilities:				
Provision for 36(1)(viia)	(73.56)	57.45	-	(16.11)
Amortised Income to future years	(134.20)	(73.86)	-	(208.06)
Total deferred tax liabilities (B)	**(207.76)**	**(16.41)**	**-**	**(224.17)**
Deferred tax assets (A+B)	**172.22**	**(4.38)**	**152.24**	**320.08**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Significant components of deferred tax assets and liabilities as at March 31, 2018 are as follows:

(₹ in Millions)

Particulars	Opening balance	Recognised in Statement of Profit and Loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:				
Property, plant and equipment	(0.46)	1.68	-	1.22
Provisions, allowances for doubtful receivables and loans	248.71	118.22	-	366.93
Provision for employee benefits	2.78	4.24	2.20	9.22
Expenses deductible in future years	2.08	0.53	-	2.61
Total deferred tax assets (A)	**253.11**	**124.67**	**2.20**	**379.98**
Deferred tax liabilities:				
Provision for 36(1)(viia)	(24.16)	(49.40)	-	(73.56)
Amortized Income to future years	(25.92)	(108.28)	-	(134.20)
Total deferred tax liabilities (B)	**(50.08)**	**(157.68)**	**-**	**(207.76)**
Deferred tax assets (A+B)	**203.03**	**(33.01)**	**2.20**	**172.22**

NOTE 12 PROPERTY PLANT AND EQUIPMENT

(₹ in Millions)

Particulars	Freehold Land	Buildings (Including Land)	Furniture & Fixture	Office Equipment	Electrical Equipment	Computers	Total
Deemed Cost as at April 01, 2017	**0.86**	**2.04**	**4.21**	**1.84**	**1.76**	**3.45**	**14.16**
Additions	-	-	5.64	2.53	2.74	13.01	**23.92**
Deductions/Adjustments	-	2.04	0.04	0.11	0.15	0.05	**2.39**
as at March 31, 2018	**0.86**	**0.00**	**9.81**	**4.26**	**4.35**	**16.41**	**35.69**
Additions	-	-	4.67	2.45	3.04	30.44	**40.60**
Deductions/Adjustments	-	-	1.22	0.32	0.37	1.55	**3.46**
as at March 31, 2019	**0.86**	**0.00**	**13.26**	**6.39**	**7.02**	**45.30**	**72.82**
Accumulated Depreciation							
as at April 01, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	-	0.09	2.90	1.26	1.51	3.70	**9.46**
Deductions/Adjustments	-	0.09	0.01	0.08	0.03	0.02	**0.23**
as at March 31, 2018	**-**	**-**	**2.89**	**1.18**	**1.48**	**3.68**	**9.23**
Depreciation for the year	-	-	3.46	1.70	2.02	12.63	**19.80**
Deductions/Adjustments	-	-	0.43	0.00	0.16	0.29	**0.88**
as at March 31, 2019	**-**	**-**	**5.92**	**2.88**	**3.34**	**16.02**	**28.15**
Net Block as at March 31, 2018	**0.86**	**0.00**	**6.92**	**3.08**	**2.87**	**12.73**	**26.46**
Net Block as at March 31, 2019	**0.86**	**0.00**	**7.34**	**3.51**	**3.68**	**29.28**	**44.67**

NOTE 13. OTHER INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)

(₹ in Millions)

Particulars	Computer Software
Deemed Cost as at April 01, 2017	**3.15**
Additions	1.57
Deductions/Adjustments	-
as at March 31, 2018	**4.72**
Additions	3.60
Deductions/Adjustments	-
as at March 31, 2019	**8.32**
Accumulated Depreciation	
as at April 01, 2017	**-**
Depreciation For the year	2.05
Deductions/Adjustments	-
as at March 31, 2018	**2.05**
Depreciation for the year	2.98
Deductions/Adjustments	-
as at March 31, 2019	**5.03**
Net Block as at March 31, 2018	**2.67**
Net Block as at March 31, 2019	**3.28**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 14. OTHER NON FINANCIAL ASSETS (UNSECURED, CONSIDERED GOOD)

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Capital Advance	0.52	3.33	2.67
Prepaid Expenses *	15.51	11.14	8.39
Others	13.36	4.98	4.54
Total	**29.39**	**19.45**	**15.60**

* Prepaid expenses includes funded gratuity amounting to ₹ Nil (March 31, 2018 ₹ 1.00 Millions and April 01, 2017, ₹ Nil). Also refer Note 30.2.

NOTE 15. TRADE PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Total outstanding dues of micro enterprises and small enterprises (Refer note 15A)	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises			
-Outstanding dues of creditors	1.79	1.93	1.81
-Accrued Salaries and Benefits	40.78	2.70	8.95
-Provision for expenses	389.71	360.78	226.25
-Other Trade payables	12.11	0.58	-
Total	**444.39**	**365.99**	**237.01**

Note 15A. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under The Micro, Small and Medium Enterprises Development Act, 2016 (MSMED) on the basis of confirmations sought from suppliers on registration with the specified authority under MSMED:

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
(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 Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 16. DEBT SECURITIES

(₹ in Millions)

Particulars	At Amortised Cost		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-convertible debentures - Secured (Refer Note (a), (b) and 16.1)	22,181.33	26,365.62	26,942.59
Less : Unamortised Debenture Issue Expenses	(26.40)	(21.04)	(39.31)
Total	**22,154.93**	**26,344.58**	**26,903.28**
Debt securities in India	22,154.93	26,344.58	26,903.28
Debt securities outside India	-	-	-
Total	**22,154.93**	**26,344.58**	**26,903.28**

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 ₹ 150.00 Millions (from December 20, 2023) and ₹ 150.00 Millions (from March 20, 2024) (as at March 31, 2018 ₹ 1,600.00 Millions which carries call and put option effective from July 23, 2018 and as at April 01, 2017 ₹ Nil).

Note 16.1 - Terms of repayment

(₹ in Millions)

Residual Maturity	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Secured NCD (A)	**8,486.52**		**17,109.02**		**15,503.59**	
Fixed:	**6,486.52**		**17,109.02**		**15,503.59**	
More than 5 years	300.00	10.05% -10.33%	-	-	-	-
3- 5 Years	281.25	8.61%	50.00	8.90%	50.00	8.90%
1-3 Years	2,930.77	8.61% -9.87%	3,050.00	7.50% -9.50%	15,453.59	9.15%-11.52%
Less than 1 year	2,974.50	7.50% -9.50%	14,009.02	7.50% -11.52%	-	-
Floating:	**2,000.00**		**-**		**-**	
1-3 Years	2,000.00	9.20%	-	-	-	-
Secured Zero Coupon (B)	**13,694.81**		**9,256.60**		**11,439.00**	
More than 5 years	701.89	9.12% -10.30%	-	-	-	-
3- 5 Years	1,970.00	9.35% - 9.55%	370.60	8.20% - 8.70%	3,430.00	8.64% - 9.40%
1-3 Years	10,479.92	8.10% - 10.20%	5,123.00	8.10% - 9.50%	4,151.00	8.85% -11.45%
Less than 1 year	543.00	8.10% - 9.55%	3,763.00	9.50% - 11.45%	3,858.00	10.10% - 11.95%
Total (A+B)	**22,181.33**		**26,365.62**		**26,942.59**	

Note 16.2 - Security wise details

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A1. Option Ii. Date Of Maturity 03/04/2017	10.10%	-	-	200.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 6. Option Ii. Date Of Maturity 10/04/2017	10.80%	-	-	850.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 7. Option I. Date Of Maturity 10/04/2017	10.15%	-	-	500.00
Zero Coupon Secured Non Convertible Debentures. Date Of Maturity 24/04/2017	11.95%	-	-	350.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Date Of Maturity 15/05/2017	10.95%	-	-	100.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 6. Option Iii. Date Of Maturity 15/06/2017	10.80%	-	-	500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Date Of Maturity 16/08/2017	10.90%	-	-	180.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Option I. Date Of Maturity 31/08/2017	10.90%	-	-	170.00

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(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A3. Option Iii. Date Of Maturity 14/09/2017	10.10%	-	-	500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series I. Option I. Date Of Maturity 21/09/2017	10.90%	-	-	65.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series I. Option Ii. Date Of Maturity 03/10/2017	10.39%	-	-	39.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series I. Option Iii. Date Of Maturity 11/10/2017	10.39%	-	-	91.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 2. Option I. Date Of Maturity 02/11/2017	10.90%	-	-	35.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 2. Option Ii. Date Of Maturity 20/11/2017	10.90%	-	-	115.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 3. Option I. Date Of Maturity 06/12/2017	10.70%	-	-	40.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 3. Option Ii. Date Of Maturity 18/12/2017	10.70%	-	-	60.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 4. Option I. Date Of Maturity 09/01/2018	10.70%	-	-	30.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 4. Option Ii. Date Of Maturity 23/01/2018	10.70%	-	-	33.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 4. Option Iii. Date Of Maturity 02/04/2018	10.70%	-	-	62.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 5. Option Ii. Date Of Maturity 02/04/2018	10.80%	-	-	33.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 6. Option Iv. Date Of Maturity 03/04/2018	10.80%	-	433.00	433.00
9.50% Secured Listed Redeemable Non-Convertible Debentures. Series A12. Date Of Maturity 06/04/2018	9.50%	-	1,000.00	1,000.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 5. Option Iii. Date Of Maturity 10/04/2018	10.80%	-	37.00	37.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 8. Option I. Date Of Maturity 17/04/2018	10.50%	-	102.00	102.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 5. Option Iv. Date Of Maturity 18/04/2018	10.80%	-	70.00	70.00
Zero Coupon Secured Listed Redeemable Non-Convertible Debentures. Series A11 Option Iii. Date Of Maturity 25/04/2018	9.50%	-	250.00	250.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 8. Option Ii. Date Of Maturity 08/05/2018	10.50%	-	39.00	39.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 9. Option I. Date Of Maturity 24/05/2018	10.35%	-	175.00	175.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series 9. Option Ii. Date Of Maturity 31/05/2018	10.35%	-	35.00	35.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A2. Option Ii. Date Of Maturity 14/06/2018	10.50%	-	36.00	36.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A1. Option Iii. Date Of Maturity 15/06/2018	10.35%	-	500.00	500.00
9.50% Secured Listed Redeemable Non-Convertible Debentures. Series A11 Option Ii. Date Of Maturity 20/06/2018	9.50%	-	1,600.00	1,600.00
10.40% Secured Redeemable Non Convertible Debentures. Date Of Maturity 21/06/2018	10.40%	-	100.00	100.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A2. Option I. Date Of Maturity 28/06/2018	10.50%	-	464.00	464.00
9.58% Secured Listed Redeemable Non-Convertible Debentures. Series A9. Date Of Maturity 11/07/2018	9.58%	-	250.00	250.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A3. Option Ii. Date Of Maturity 13/07/2018	10.10%	-	100.00	100.00

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
9.55% Secured Listed Redeemable Non-Convertible Debentures. Series A11 Option I. Date Of Maturity 27/07/2018	9.55%	-	2,000.00	2,000.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A3. Option I. Date Of Maturity 09/08/2018	10.10%	-	310.00	310.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A5 Option Ii. Date Of Maturity 13/09/2018	9.85%	-	60.00	60.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A5 Option I. Date Of Maturity 03/10/2018	9.85%	-	130.00	130.00
9.15% Secured Listed Redeemable Non-Convertible Debentures. Series A14. Date Of Maturity 12/10/2018	9.15%	-	2,500.00	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A5 Option Iii. Date Of Maturity 17/10/2018	9.85%	-	30.00	30.00
9.15% Secured Listed Redeemable Non-Convertible Debentures. Series B1. Date Of Maturity 19/10/2018	9.15%	-	2,500.00	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A6 Option I. Date Of Maturity 25/10/2018	9.80%	-	30.00	30.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A6 Option Ii. Date Of Maturity 08/11/2018	9.80%	-	30.00	30.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A6 Option Iii. Date Of Maturity 27/11/2018	9.85%	-	60.00	60.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A8 Option I. Date Of Maturity 12/12/2018	9.80%	-	34.00	34.00
Cnx Nifty Index Linked Secured Redeemable Non-Convertible Debentures. Series Ihf 001 Type B. Date Of Maturity 21/12/2018	10.00%	-	290.00	290.00
Cnx Nifty Index Linked Secured Redeemable Non-Convertible Debentures. Series Ihf 002. Date Of Maturity 21/12/2018	10.00%	-	310.00	310.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A8 Option Ii. Date Of Maturity 26/12/2018	9.80%	-	34.00	34.00
11.52% Secured Non Convertible Debentures. Series N1. Date Of Maturity 26/12/2018	11.52%	-	3,759.02	3,903.59
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A8 Option Iii. Date Of Maturity 16/01/2019	9.80%	-	44.00	44.00
Zero Coupon Secured Non Convertible Debentures. Date Of Maturity 27/02/2019	11.45%	-	100.00	100.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Date Of Maturity 19/03/2019	11.35%	-	60.00	60.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A10 Option Ii. Date Of Maturity 15/07/2019	9.50%	163.00	163.00	163.00
9.50% Secured Redeemable Non-Convertible Debentures. Series A10 Option I. Date Of Maturity 22/07/2019	9.50%	1,600.00	1,600.00	1,600.00
8.056% Secured Listed Redeemable Non Convertible Debentures. Series B8 Option A. Date Of Maturit 01/08/2019	8.10%	250.00	250.00	-
7.50% Secured Listed Redeemable Non Convertible Debentures. Series B6. Date Of Maturit 05/09/2019	7.50%	300.00	600.00	-
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B2 Option Ii. Date Of Maturity 08/10/2019	9.15%	80.00	80.00	80.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option Iii. Date Of Maturity 12/11/2019	8.85%	50.00	50.00	50.00
8.10% Secured Listed Redeemable Non Convertible Debentures. Series B7. Date Of Maturit 21/11/2019	8.10%	512.00	650.00	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C5. Date Of Maturity 06/04/2020	9.20%	380.00	-	-
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option Ii. Date Of Maturity 07/04/2020	8.85%	110.00	110.00	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A13. Date Of Maturity 20/04/2020	9.40%	2,500.00	2,500.00	2,500.00

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option I. Date Of Maturity 12/05/2020	8.85%	640.00	640.00	640.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B4. Date Of Maturity 12/05/2020	8.64%	180.00	180.00	180.00
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B5. Date Of Maturit 17/08/2020	8.10%	1,150.00	1,150.00	-
8.65% Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option A. Date Of Maturity 05/10/2020	8.65%	753.33	500.00	-
9.87% Secured Rated Listed Redeemable Non Convertible Debentures. Series C10. Date Of Maturity 20/11/2020	9.87%	502.45	-	-
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B8 Option B. Date Of Maturit 06/04/2021	8.20%	298.96	270.60	-
Zero Coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option B. Date Of Maturity 30/04/2021	8.70%	532.56	100.00	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 1. Date Of Maturity 19/05/2021	9.25%	500.00	-	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option B. Date Of Maturity 25/05/2021	8.80%	260.00	-	-
Idfc Mclr Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series B11. Date Of Maturity 28/06/2021	9.20%	2,000.00	-	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 2. Date Of Maturity 15/07/2021	9.35%	240.00	-	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 1. Date Of Maturity 26/07/2021	9.35%	2,350.59	-	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 2. Date Of Maturity 05/08/2021	9.25%	250.00	-	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C4. Date Of Maturity 11/08/2021	9.35%	987.80	-	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C9. Date Of Maturity 26/10/2021	10.20%	100.00	-	-
8.90% Secured Redeemable Non-Convertible Debentures. Series B2 Option I. Date Of Maturity 03/11/2021	8.90%	50.00	50.00	50.00
9.38% Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 3. Date Of Maturity 24/01/2022	9.38%	500.00	-	-
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%	1,150.00	-	-
8.61% Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity 13/05/2022	8.61%	1,968.75	-	-
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 Covnertible Debentures. Series C 12. Date Of Maturity 25/04/2024	9.12%	501.89	-	-
G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Covnertible 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	-	-
Total		**22,181.33**	**26,365.62**	**26,942.59**

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NOTE 17. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	At Amortised Cost		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Secured:			
(a) Term loans			
(i) from Banks (Refer Note (a), (b) and 17.1)	63,604.93	42,502.93	24,646.35
Less: Prepaid Expenses	(145.87)	(44.64)	(32.77)
(ii) from NHB (Refer Note (b) and 17.2)	15,835.32	7,489.04	1,586.59
(b) Securitisation Liability (Refer Note 17.3)	4,388.06	5,840.12	6,783.44
(c) Cash credit / Overdraft from Banks (Refer Note (a) and 17.3)	1,495.90	586.06	467.81
Unsecured:			
Commercial Paper (Refer Note 17.3)	6,100.00	18,020.00	8,500.00
Less : Discount on Commercial Paper (Refer Note (c))	(66.38)	(161.63)	(50.57)
Total	**91,211.96**	**74,231.88**	**41,900.85**
Borrowings in India	87,797.11	74,231.88	41,900.85
Borrowings outside India	3,414.85	-	-
Total	**91,211.96**	**74,231.88**	**41,900.85**

a. Out of the total borrowing from Banks, borrowings amounting to ₹ 8,592.36 Millions (March 31, 2018 ₹ 15,046.40 Millions and April 01, 2017 ₹ 20,177.20 Millions) and Refinance Facility from NHB amounting to ₹ 15,835.32 Millions (March 31, 2018 ₹ 7,489.04 Millions and April 01, 2017 ₹ 1,586.59 Millions) are also guaranteed by IIFL Holdings Limited, being the Ultimate Holding Company.

b. The term loan from banks and NHB 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.

c. Unexpired discount on Commercial Paper is net of ₹ 59.13 Millions (As at March 31, 2018 ₹ 115.59 Millions and as at April 01, 2017 ₹ 89.50 Millions) towards discount accrued but not due.

Note 17.1 - Terms of repayment of Term Loans from Banks

(₹ in Millions)

Residual Maturity	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Floating:						
More than 5 years	-	-	1,000.00	8.40%	-	-
3- 5 Years	16,807.15	8.45% - 10.00%	12,408.17	8.05% - 8.45%	8,059.93	8.35% - 9.15%
1-3 Years	32,772.84	8.45% - 10.20%	21,940.25	8.05% - 8.60%	12,969.20	8.35% - 10.15%
Less than 1 year	14,024.94	8.45% - 9.95%	7,154.51	8.10% - 10.15%	3,617.22	8.50% - 9.15%
Total	**63,604.93**		**42,502.93**		**24,646.35**	

Note 17.2 - Terms of repayment of term loans from NHB

(₹ in Millions)

Residual Maturity	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Fixed:						
More than 5 years	7,792.08	4.61% - 9.95%	3,122.24	4.61% - 8.95%	553.88	7.95% - 8.70%
3- 5 Years	3,078.69	4.61% - 9.95%	1,819.20	4.61% - 8.95%	435.12	7.95% - 8.70%
1-3 Years	3,309.70	4.61% - 9.95%	1,852.80	4.61% - 8.95%	435.12	7.95% - 8.70%
Less than 1 year	1,654.85	4.61% - 9.95%	694.80	4.61% - 8.95%	162.47	7.95% - 8.70%
Total	**15,835.32**		**7,489.04**		**1,586.59**	

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Note 17. 3 - Terms of repayment of other loans

(₹ in Millions)

Residual Maturity	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Floating:						
Cash credit / Overdraft from Banks (A)						
Less than 1 year	1,495.90	8.70% -13.65%	586.06	8.45% - 8.50%	467.81	8.65% - 12.10%
Securitisation Liability (B)						
More than 5 years	3,015.53	7.25% - 7.90%	3,953.39	7.05% - 7.90%	4,527.44	7.25% - 8.50%
3- 5 Years	611.56	7.25% - 7.90%	710.38	7.05% - 7.90%	821.87	7.25% - 8.50%
1-3 Years	521.08	7.25% - 7.90%	625.20	7.05% - 7.90%	743.96	7.25% - 8.50%
Less than 1 year	239.89	7.25% - 7.90%	551.15	7.05% - 7.90%	690.17	7.25% - 8.50%
Sub-Total - Securitisation Liability	**4,388.06**		**5,840.12**		**6,783.44**	
Fixed:						
Commercial Papers (C)						
Less than 1 year	6,100.00	8.70% - 8.95%	18,020.00	7.45% -7.85%	8,500.00	7.35% - 7.65%
Total (A+B+C)	**11,983.96**		**24,446.18**		**15,751.25**	

NOTE 18. SUBORDINATED LIABILITIES

(₹ in Millions)

Particulars	At Amortised Cost		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-convertible debentures - Unsecured	6,435.16	4,470.00	2,620.00
Less : Unamortised Debenture Issue Expenses	(57.92)	(24.05)	(19.12)
Total	**6,377.24**	**4,445.95**	**2,600.88**
Subordinated Liabilities in India	6,377.24	4,445.95	2,600.88
Subordinated Liabilities outside India	-	-	-
Total	**6,377.24**	**4,445.95**	**2,600.88**

Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 Millions (from February 28, 2024) , ₹ 1,265.16 Millions (from May 14, 2024), ₹ 400.00 Millions (from June 18, 2025) and ₹ 300.00 Millions (from July 14, 2025) (as at March 31, 2018 ₹ 100.00 Millions which carries call option at the end of 6th year from the date of allotment (February 28, 2018) and every year thereafter and as at April 01, 2017 ₹ Nil).

Note 18.1 - Terms of repayment of Subordinated Debt

(₹ in Millions)

Residual Maturity	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Fixed:						
More than 5 years	1,550.00	8.85% - 9.85%	2,000.00	8.85% - 9.30%	150.00	9.30%
3- 5 Years	1,150.00	8.93% - 9.30%	470.00	9.30% -10.50%	2,268.58	9.30% -12.00%
1-3 Years	2,268.58	9.30% - 12.00%	1,798.58	12.00%	-	-
Zero Coupon:						
More than 5 years	1,265.16	9.40%	-	-	-	-
3- 5 Years	-	-	-	-	201.42	12.00%
1-3 Years	201.42	12.00%	201.42	12.00%	-	-
Total	**6,435.16**		**4,470.00**		**2,620.00**	

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Note 18.2 - Security wise details

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
12% Unsecured Subordinate Non Convertible Debentures. Option I. Date Of Maturity 02/04/2020	12.00%	1,798.58	1,798.58	1,798.58
Unsecured Subordinate Non Convertible Debentures. Option Ii. Date Of Maturity 02/04/2020	12.00%	201.42	201.42	201.42
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo1. Date Of Maturity 26/07/2021	10.50%	170.00	170.00	170.00
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo2. Date Of Maturity 10/08/2021	10.50%	100.00	100.00	100.00
9.30% Unsecured Subordinate Non Convertible Debentures. Series U03. Date Of Maturity 25/01/2022	9.30%	100.00	100.00	100.00
9.30% Unsecured Subordinate Non Convertible Debentures. Series U04. Date Of Maturity 11/02/2022	9.30%	100.00	100.00	100.00
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date Of Maturity 14/04/2023	8.93%	1,000.00	1,000.00	-
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo5. Date Of Maturity 29/05/2023	9.30%	150.00	150.00	150.00
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date Of Maturity 27/07/2027	8.85%	750.00	750.00	-
9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date Of Maturity 28/02/2028	9.05%	100.00	100.00	-
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date Of Maturity 16/06/2028	9.85%	400.00	-	-
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date Of Maturity 13/07/2028	9.85%	300.00	-	-
G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series Ua3. Date Of Maturity 11/08/2028	9.40%	1,265.16	-	-
Total		**6,435.16**	**4,470.00**	**2,620.00**

NOTE 19. OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not due on borrowings	3,125.34	2,788.26	2,647.55
Temporary overdrawn bank balance as per books	3,862.93	6,838.18	5,357.08
Other Payables *	1,480.39	1,301.14	732.00
Payable to Group/Holding Company	39.64	23.45	10.80
Total	**8,508.30**	**10,951.03**	**8,747.43**

* Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 0.24 Millions (as at March 31, 2018 ₹ 1,091.87 Millions and as at April 01, 2017 ₹ 0.22 Millions)

No Amount was due to transfer to the Investor Education and Protection fund under Section 125 of the Companies Act, 2013.

NOTE 20. PROVISIONS

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provisions for Employee Benefits:			
Provision for Gratuity (Refer 30.2)	2.74	-	1.24
Provision for Leave Encashment	33.87	17.31	12.43
Provision for Bonus	95.80	70.09	48.28
Total	**132.41**	**87.40**	**61.95**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 21. OTHER NON FINANCIAL LIABILITIES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Statutory remittances	91.13	58.55	23.21
Advances from customers	283.05	404.47	526.58
Income received in advance	124.26	109.80	144.03
Total	**498.44**	**572.82**	**693.82**

Note 22 A. Equity

(a) The Authorised, Issued, Subscribed and fully paid up share capital
Share Capital:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorised Share Capital			
152,000,000 Equity Shares of ₹10/- each with voting rights (as at March 31, 2018 - 152,000,000 and as at April 01, 2017 - 152,000,000)	1,520.00	1,520.00	1,520.00
20,000,000 Preference Shares of ₹10/- each (as at March 31, 2018 20,000,000, and as at April 01, 2017 20,000,000)	200.00	200.00	200.00
Total	**1,720.00**	**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, 2018 19,968,181 and as at April 01, 2017 19,968,181)	209.68	199.68	199.68
Total	**209.68**	**199.68**	**199.68**

All the above equity shares are held by India Infoline Finance Limited (the Holding Company) and its nominees. IIFL Holdings Limited is the Ultimate Holding Company.

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

(₹ in Millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	19.97	199.68	19.97	199.68
Add: Issued during the year	1.00	10.00	-	-
Outstanding at the end of the year	**20.97**	**209.68**	**19.97**	**199.68**

(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:

(₹ in Millions)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Equity shares of 10 each fully paid						
India Infoline Finance Limited and its nominees	20.97	100.00%	19.97	100.00%	19.97	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.

(f) During the year, the Company has issued and allotted 1,000,000 Equity shares, on right issue basis, having face value of ₹10 each at a premium of ₹ 990/- per share on November 30, 2018.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

22 B. Other Equity

(₹ in Millions)

	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Debenture Redemption Reserve	Retained Earnings	Other Comprehensive Income - Effective portion of Cash Flow Hedges	Total
Balance as at April 01, 2017	**7,002.57**	**-**	**567.70**	**886.30**	**1,094.00**	**-**	**9,550.57**
Profit for the year	-	-	-	-	2,315.63	-	**2,315.63**
Remeasurement of defined benefit (Net of Tax)	-	-	-	-	(4.09)	-	**(4.09)**
Transfer to Special Reserve	-	-	395.00	-	(395.00)	-	**-**
Transfer to Debenture Redemption Reserve	-	-	-	247.50	(247.50)	-	**-**
Additions during the year (Net)	-	-	-	-	-	-	**-**
Balance as at March 31, 2018	**7,002.57**	**-**	**962.70**	**1,133.80**	**2,763.04**	**-**	**11,862.11**
Profit for the year	-	-	-	-	3,063.93	-	**3,063.93**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax)	-	-	-	-	-	(98.01)	**(98.01)**
Remeasurement of defined benefit (Net of Tax)	-	-	-	-	(9.33)	-	**(9.33)**
Equity Dividend	-	-	-	-	(41.94)	-	**(41.94)**
Dividend Distribution Tax	-	-	-	-	(8.62)	-	**(8.62)**
Transfer to General Reserve	-	938.60	-	(938.60)	-	-	**-**
Transfer to Special Reserve	-	-	613.00	-	(613.00)	-	**-**
Transfer to Debenture Redemption Reserve	-	-	-	221.55	(221.55)	-	**-**
Additions during the year (Net)	989.00	-	-	-	-	-	**989.00**
Balance as at March 31, 2019	**7,991.57**	**938.60**	**1,575.70**	**416.75**	**4,932.53**	**(98.01)**	**15,757.14**

NOTE 23. INTEREST INCOME

(₹ in Millions)

Particulars	FY 2018-19 On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Interest on Loans	3,339.14	12,800.08	16,139.22
Interest on deposits with Banks	-	145.69	145.69
Total	**3,339.14**	**12,945.77**	**16,284.91**

(₹ in Millions)

Particulars	FY 2017-18 On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Interest on Loans	1,957.75	10,110.97	12,068.72
Interest on deposits with Banks	-	76.04	76.04
Total	**1,957.75**	**10,187.01**	**12,144.76**

NOTE 24. FEE AND COMMISSION INCOME

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Administration fee & other charges from customers	497.93	402.24
Insurance Commission	189.62	149.28
Total	**687.55**	**551.52**

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Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 25. NET GAIN ON FAIR VALUE CHANGE

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Net gain on financial instruments at FVTPL		
(a) Others (MFs)	227.39	68.36
(b) Fair Value changes:		
-Realised	227.39	68.36
Total Net gain on fair value changes	**227.39**	**68.36**

NOTE 26. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Assignment of Loans	280.72	392.56
Total	**280.72**	**392.56**

NOTE 27. OTHER INCOME

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Others		
Advisory and fee based income	976.79	352.88
Total	**976.79**	**352.88**

NOTE 28. FINANCE COST

(₹ in Millions)

Particulars	On Financial liabilities measured at Amortised Cost	
	FY 2018-19	FY 2017-18
Interest on debt securities	2,495.24	2,589.68
Interest on borrowings (other than debt securities)	7,783.54	4,670.32
Interest on inter-corporate deposits	-	0.31
Interest on subordinated liabilities	604.35	417.25
Other borrowing cost (Note 1 & 2)	139.42	89.45
Total	**11,022.55**	**7,767.01**

Note 1: Statement showing exchange fluctuation on account of foreign currency borrowings measured through Other Comprehensive Income:

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Other Borrowing Cost	139.42	89.45
Revaluation Gain on Foreign currency loan	(176.08)	-
Recognised in Other Comprehensive Income	176.08	-
Total Other Borrowing Cost	**139.42**	**89.45**

Note 2: Other borrowing cost include Mark to Market loss on Cross Currency Interest Rate Swaps of ₹ Nil (P.Y. ₹ 3.00 Millions) net of gain on revaluation of foreign currency term loan of ₹ Nil (P.Y. ₹ 31.76 Millions).

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 29. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Millions)

Particulars	FY 2018-19 On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Loans	48.07	(32.52)	15.55
Others:			
Bad debts written off (Net of recovery)	-	179.57	179.57
Total	**48.07**	**147.05**	**195.12**

(₹ in Millions)

Particulars	FY 2017-18 On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Loans	48.92	282.47	331.39
Others:			
Bad debts written off (Net of recovery)	-	12.82	12.82
Total	**48.92**	**295.29**	**344.21**

NOTE 30. EMPLOYEE BENEFITS EXPENSES

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Salaries and wages	1,746.49	1,376.95
Contribution to provident and other funds (Refer Note 30.1)	50.63	36.02
Leave Encashment	23.71	8.72
Gratuity (Refer Note 30.2)	8.19	3.60
Staff welfare expenses	39.15	18.53
Share Based Payments to employees	27.32	12.84
Total	**1,895.49**	**1,456.66**

30.1 Defined Contribution Plans:

The Company has recognised the following amounts as an expense and included in the Employee Benefits Expenses.

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Contribution to Provident fund	23.86	16.72
Contribution to ESIC	7.48	5.58
Contribution to Labour Welfare Fund	0.07	0.05
Company contribution to EPS	19.22	13.67
Total	**50.63**	**36.02**

30.2 Disclosures pursuant to Ind AS 19 on "Employee Benefits"

Particulars	FY 2018-19	FY 2017-18
Type of Benefit	Gratuity	Gratuity
Country	India	India
Reporting Currency	INR	INR
Reporting Standard	Indian Accounting Standard 19	Indian Accounting Standard 19
Funding Status	Funded	Funded
Starting Year	01-04-18	01-04-17
Date of Reporting	31-03-19	31-03-18
Period of Reporting	12 Months	12 Months

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Assumptions (Current Year)

Particulars	FY 2018-19	FY 2017-18
Expected Return on Plan Assets	7.59%	7.71%
Rate of Discounting	7.59%	7.71%
Rate of Salary Increase	10.00%	8.00%
Rate of Employee Turnover	For service 4 years and below 29% p.a. & thereafter 1% p.a.	For service 4 years and below 28% p.a. & thereafter 1% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

Table Showing Change in the Present Value of Projected Benefit Obligations

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Present Value of Benefit Obligation at the Beginning of the Year	26.44	17.30
Interest Cost	2.04	1.17
Current Service Cost	8.26	5.35
Past Service Cost	-	(1.83)
Liability Transferred In/ Acquisitions	0.14	0.70
Liability Transferred Out/ Divestment	(0.04)	(0.69)
Benefit Paid Directly by the Employer	-	(0.01)
Benefit Paid From the Fund	(0.10)	(1.43)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(0.57)	(5.16)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	14.51	7.30
Actuarial (Gains)/Losses on Obligations - Due to Experience	0.61	3.74
Present Value of Benefit Obligation at the End of the Year	51.29	26.44

Table Showing Change in the Fair Value of Plan Assets

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Fair Value of Plan Assets at the Beginning of the Year	27.44	16.05
Interest Income	2.11	1.09
Contributions by the Employer	18.90	12.13
Benefit Paid from the Fund	(0.10)	(1.43)
Return on Plan Assets, Excluding Interest Income	0.20	(0.40)
Fair Value of Plan Assets at the End of the Year	48.55	27.44

Amount Recognised in the Balance Sheet

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Present Value of Benefit Obligation at the end of the Year	(51.29)	(26.44)
Fair Value of Plan Assets at the end of the Year	48.55	27.44
Funded Status Surplus/ (Deficit)	(2.74)	1.00
Net (Liability)/Asset Recognised in the Balance Sheet	(2.74)	1.00

Net Interest Cost for Current Year

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Present Value of Benefit Obligation at the Beginning of the Year	26.44	17.30
Fair Value of Plan Assets at the Beginning of the Year	(27.44)	(16.05)
Net Liability/(Asset) at the Beginning of the Year	(1.00)	1.25
Interest Cost	2.04	1.17
Interest Income	(2.12)	(1.09)
Net Interest Cost for Current Year	(0.08)	0.08

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Expenses Recognised in the Statement of Profit and Loss for Current Year

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Current Service Cost	8.26	5.35
Net Interest Cost	(0.07)	0.08
Past Service Cost	-	(1.83)
Expenses Recognised	8.19	3.60

Expenses Recognised in the Other Comprehensive Income (OCI) for Current Year

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Actuarial (Gains)/Losses on Obligation For the Year	14.55	5.88
Return on Plan Assets, Excluding Interest Income	(0.20)	0.41
Net (Income)/Expense For the Year Recognised in OCI	14.35	6.29

Balance Sheet Reconciliation

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Net Liability	(1.00)	1.24
Expenses Recognised in Statement of Profit and Loss	8.19	3.60
Expenses Recognised in OCI	14.35	6.29
Net Liability/(Asset) Transfer In	0.14	0.70
Net (Liability)/Asset Transfer Out	(0.04)	(0.69)
Benefit Paid Directly by the Employer	-	(0.01)
Employer's Contribution	(18.90)	(12.13)
Net Liability/(Asset) Recognised in the Balance Sheet	2.74	(1.00)

Category of Assets

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	48.55	27.44
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**48.55**	**27.44**

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 Millions)

Particulars	FY 2018-19	FY 2017-18
Prescribed Contribution For Next Year (12 Months)	18.64	7.26

Net Interest Cost for Next Year

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Present Value of Benefit Obligation at the End of the Year	51.29	26.44
Fair Value of Plan Assets at the End of the Year	(48.55)	(27.44)
Net Liability/(Asset) at the End of the Year	2.74	(1.00)
Interest Cost	3.89	2.04
Interest Income	(3.68)	(2.12)
Net Interest Cost for Next Year	0.21	(0.08)

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Expenses Recognised in the Statement of Profit or Loss for Next Year

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Current Service Cost	15.90	8.26
Net Interest Cost	0.21	(0.07)
Expected Contributions by the Employees	-	-
Expenses Recognised	16.11	8.19

Maturity Analysis of the Benefit Payments: From the Fund

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	0.93	0.68
2nd Following Year	0.41	0.22
3rd Following Year	0.49	0.33
4th Following Year	0.56	0.38
5th Following Year	0.65	0.43
Sum of Years 6 To 10	4.48	2.88
Sum of Years 11 and above	252.51	122.27

Sensitivity Analysis

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Projected Benefit Obligation on Current Assumptions	51.29	26.44
Delta Effect of +1% Change in Rate of Discounting	(8.59)	(4.20)
Delta Effect of -1% Change in Rate of Discounting	10.75	5.22
Delta Effect of +1% Change in Rate of Salary Increase	8.48	4.54
Delta Effect of -1% Change in Rate of Salary Increase	(7.33)	(3.98)
Delta Effect of +1% Change in Rate of Employee Turnover	(2.18)	(0.41)
Delta Effect of -1% Change in Rate of Employee Turnover	2.50	0.42

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes

Actuarial gains/losses are recognised in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary escalation & attrition rate are considered as advised by the Company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.

Qualitative Disclosures

Para 139 (a) Characteristics of defined benefit plan: The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Para 139 (b) Risks associated with defined benefit plan: Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Para 139 (c) Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

Para 147 (a)

A separate trust fund is created to manage the Gratuity plan.

Note: The above information is as provided by the Actuary, which has been relied upon by the auditors.

NOTE 31. OTHER EXPENSES

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Advertisement*	21.02	7.70
Books & Periodicals	0.18	0.04
Direct operating Expenses	174.57	133.21
Marketing Expenses	58.86	25.76
Bank Charges	4.41	2.53
Communication	14.95	11.69
Electricity	20.68	21.26
Exchange and Statutory charges	8.17	7.43
Legal & Professional Fees	195.70	104.04
Commission & Sitting Fees	2.60	1.81
Miscellaneous Expenses	1.69	6.67
Office Expenses	68.35	37.23
Postage & Courier	13.43	7.53
Printing & Stationary	11.76	10.00
Rates & Taxes	1.18	0.15
Rent (Refer Note 35)	104.09	73.61
Repairs & Maintenance :	-	-
- Computer	1.65	0.77
- Others	5.84	4.46
Remuneration to Auditors :	-	-
Audit Fees	0.98	0.41
Certification Expenses	0.54	0.66
Out Of Pocket Expenses	0.88	0.29
Software Charges	20.25	22.93
Subscription	0.44	0.25
Travelling & Conveyance	58.37	64.66
Corporate Social Responsibility (CSR) Expenses (Refer Note 37)	36.05	21.21
Loss on sale of fixed assets	0.87	0.99
Total	**827.51**	**567.29**

***Payments made in foreign currency on accrual basis**

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
For Advertisement	4.34	0.81

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 32. INCOME TAXES

Amounts recognised in the Statement of Profit and Loss

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Current tax expense		
Current year	1,434.00	1,007.47
Changes in estimates related to prior years	(8.40)	7.29
Deferred tax expense		
Origination and reversal of temporary differences	4.38	33.01
Total	**1,429.98**	**1,047.77**

Amounts recognised in OCI

(₹ in Millions)

Particulars	FY 2018-19		
	Before tax	Tax expense	Net of tax
Items that will not be reclassified to the Statement of Profit and Loss			
Remeasurements of defined benefit (liabilities)/assets	(14.35)	5.01	(9.34)
Cash Flow Hedge (Net)	(245.24)	147.23	(98.01)
Total	**(259.59)**	**152.24**	**(107.35)**

(₹ in Millions)

Particulars	FY 2017-18		
	Before tax	Tax expense	Net of tax
Items that will not be reclassified to the Statement of Profit and Loss			
Remeasurements of defined benefit (liabilities)/assets	(6.29)	2.20	(4.09)
Cash Flow Hedge (Net)	-	-	-
Total	**(6.29)**	**2.20**	**(4.09)**

Reconciliation of total tax expense

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Profit before tax	**4,493.91**	**3,363.40**
Tax using the domestic tax rate	1,570.35	1,164.01
Reduction in tax rates	-	-
Tax effect of:		
Non-deductible expenses	12.54	11.94
Tax-exempt income (includes deduction u/s 80JJAA)	(207.54)	(132.16)
Income taxed at different rates	(1.18)	(0.07)
Income routed through OCI	61.53	-
Recognition of previously unrecognised deductible temporary differences	2.68	(3.24)
Adjustments for current tax for prior periods	(8.40)	7.29
Total income tax expense	**1,429.98**	**1,047.77**

NOTE 33. EARNINGS PER SHARE:

Basic and Diluted Earnings per share ["EPS"] computed in accordance with Ind AS 33 "Earnings per share"

(₹ in Millions)

Particulars		FY 2018-19	FY 2017-18
Face value of equity shares in ₹ fully paid up		10	10
BASIC			
Profit after tax as per Statement of Profit and Loss (Total operations)	A	3,063.93	2,315.63
Profit after tax as per Statement of Profit and Loss from Continuing Operations	B	3,063.93	2,315.63
Weighted Average Number of Equity Shares Outstanding	C	20.30	19.97
Basic EPS (In ₹) (i) Total operations	**A/C**	**150.91**	**115.97**
(ii) Continuing operations	**B/C**	**150.91**	**115.97**
DILUTED			
Weighted Average Number of Equity Shares for computation of basic EPS		20.30	19.97
Add: Potential Equity Shares on Account conversion of Employees Stock Options.		-	-
Weighted Average Number of Equity shares for computation of diluted EPS	D	20.30	19.97
Diluted EPS (In ₹) (i) Total operations	**A/D**	**150.91**	**115.97**
(ii) Continuing operations	**B/D**	**150.91**	**115.97**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

NOTE 34. CAPITAL / OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE

a. Commitments: As at the balance sheet date there were undrawn credit commitments of ₹ 15,905.43 Millions (P.Y. ₹ 14,120.79 Millions) representing the loan amounts sanctioned but not disbursed.

b. Contingent Liabilities: ₹ 0.30 Millions towards Legal Commitments (P.Y. ₹ 0.01 Millions). This is based on representation provided by the Management and relied upon by the auditors.

c. Contingent liability in respect of credit enhancement for securitisation transaction in form of fixed deposits of ₹ 1,322.90 Millions (P.Y. ₹ 1,328.15 Millions).

NOTE 35. THE MINIMUM LEASE RENTALS OUTSTANDING AS AT MARCH 31, 2019 ARE AS UNDER

The Company has taken office premises on operating lease at various locations. Lease rents amounting to ₹ 104.09 Millions (P.Y. ₹ 73.61 Millions) in respect of the same have been charged to Statement of Profit and Loss. The minimum lease rentals outstanding as at March 31, 2019 are as under:

(₹ in Millions)

Minimum Lease Rentals	FY 2018-19	FY 2017-18
Due for		
Up to One year	11.36	10.03
One to Five years	15.74	3.38
Total	**27.10**	**13.41**

NOTE 36. DISCLOSURE AS PER IND AS -108 "OPERATING SEGMENTS"

In the opinion of the management, there is only one reportable business segment (Financing & Investing) as envisaged by IND AS 108 on 'Operating Segments'. Accordingly, no separate disclosure for segment reporting is required to be made in the Financial Statements of the Company. Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

NOTE 37. CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2018-19, the Company has spent ₹ 36.05 Millions (P.Y. ₹ 21.21 Millions) out of the total amount of ₹ 36.04 Millions (P.Y. ₹ 21.21 Millions) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility. The aforementioned amount has been contributed to India Infoline Foundation.

Note 38 A. Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk.

Risk management is integral to Company's strategy. The comprehensive understanding of risk management throughout the various levels of an organisation aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc.

Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed, to ensure minimal impact on the Company's growth and performance.

Risk Management Structure

The Company has established multi-level risk governance for monitoring & 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 operationalises risk management framework approved by RMC.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

The Company has a well defined risk framework constituting various lines of defence – the first line of defence consisting of the Management of the Company being responsible for seamless integration of risk principles across all businesses. Additionally, it ensures adequate managerial & supervisory controls to ensure compliance and highlight inadequate processes and unexpected events. The Company has well-defined internal control measures in every process.

Independent risk & policy team constitutes second life of defence which is responsible for identification and assessment of entity-wide risks. Post its identification, it aims to mitigate risks either through portfolio trigger and caps (Credit risk) or through ongoing risk control & self assessment (Operational risk)

Internal Audit function is the third line of defence that independently reviews activities of the first two lines of defence and reports to the Audit Committee of the Board.

Risk Management Practices

The Company has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage. A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement. In event of susceptibility to external triggers, appropriate risk mitigation would be undertaken and thereby minimise the losses to the company.

The Company has initiated a detailed portfolio quality review mechanism which enables analysis of portfolio along various behavioural, demographic and financial parameters. Additionally, through tie-ups with external bureaus, an analysis of collection performance coupled with continuous credit assessment for various key segments is undertaken. The practices aid in proactive course correction thereby modifying credit or sourcing mechanisms, if required. Additionally, application scorecard has been developed enabling the Company to standardise credit underwriting & improve sourcing quality in the long run.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analysed and tested on timely basis. The same is presented to Risk Management Committee at periodic intervals.

In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as cross currency interest rate swaps are entered to hedge certain foreign currency risk exposures and variable interest rate exposures, the Company's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

38 B. 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 quality analysis

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

(₹ in Millions)

Particulars	As at March 31, 2019				
	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	-	-	-	8,081.04	**8,081.04**
Bank Balance other than above	-	-	-	1,956.32	**1,956.32**
Receivables					
(i) Trade Receivables	-	-	-	268.28	**268.28**
Loans*	94,064.52	4,991.22	1,345.18	-	**1,00,400.92**
Other Financial assets	-	-	-	1,116.95	**1,116.95**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2018				
	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	-	-	-	3,919.10	**3,919.10**
Bank Balance other than above	-	-	-	24.49	**24.49**
Receivables					
(i) Trade Receivables	-	-	-	96.07	**96.07**
Loans*	97,121.70	4,178.88	1,054.78	-	**1,02,355.36**
Other Financial assets	-	-	-	850.18	**850.18**

(₹ in Millions)

Particulars	As at April 01, 2017				
	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	-	-	-	904.27	**904.27**
Bank Balance other than above	-	-	-	958.43	**958.43**
Receivables					
(i) Trade Receivables	-	-	-	25.16	**25.16**
Loans*	74,650.71	1,995.61	589.16	-	**77,235.48**
Other Financial assets	-	-	-	412.75	**412.75**

*Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.

Financial Assets measured at Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on Cash and Cash Equivalents, Bank Balances, Trade Receivables and Other Financial Assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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 recognised on the above mentioned Financial assets as at the reporting date.

38 B.1 Collateral held

The Company is in the business of extending secured loans backed by mortgage of property (residential or commercial). This also includes cross-collateralisation on other property(ies) of the borrower. The Company assessess 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.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

38 B.2 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 Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Value of Modified Assets at the time of modification	3.28	4.03
Value of Modified Assets outstanding	3.76	3.31
Modification Gain/ Loss	(0.96)	0.75

The above modification is in accordance with the provisions defined in the The Housing Finance Companies (NHB) Directions, 2010' ("NHB Directions").

38 B.3 Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Loans and advances

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL March 31, 2018	**637.94**	**188.20**	**385.53**	**1,211.67**
New loans disbursed in FY18-19	289.84	2.52	25.74	**318.10**
Loans closed/written off during the year	(102.24)	(54.53)	(146.58)	**(303.35)**
Stage same in both years- change in provisioning	184.31	(88.44)	(6.68)	**89.19**
Movement of stages due to asset reclassification	(12.60)	(48.07)	174.16	**113.49**
Closing ECL March 31, 2019	**628.63**	**176.56**	**445.53**	**1,250.72**

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL April 01, 2017	**431.55**	**129.04**	**196.10**	**756.69**
New loans disbursed in FY17-18	361.29	4.18	4.98	**370.45**
Loans closed/written off during the year	(88.82)	(2.60)	(35.85)	**(127.27)**
Stage same in both years- change in provisioning	49.07	(0.95)	(27.47)	**20.65**
Movement of stages due to asset reclassification	(17.01)	56.63	192.83	**232.45**
Closing ECL March 31, 2018	**637.94**	**188.20**	**385.53**	**1,211.67**

The following tables show reconciliations from the opening to the closing balance of the exposure at default (EAD) by class of financial instrument.

Loans and advances

(₹ in Millions)

Reconciliation of EAD	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
Opening EAD March 31, 2018	**134,804.64**	**4,314.01**	**1,054.77**	**140,173.42**
New loans disbursed in FY18-19	72,645.72	231.67	79.67	**72,957.06**
Loans closed/written off during the year	(18,689.77)	(548.96)	(334.09)	**(19,572.82)**
Stage same in both years- change in provisioning	41,614.44	111.46	19.38	**41,745.28**
Movement of stages due to asset reclassification	(2,431.54)	1,287.48	564.20	**(579.86)**
Closing EAD March 31, 2019	**144,714.61**	**5,172.74**	**1,345.17**	**151,232.52**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Reconciliation of EAD	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
Opening EAD April 01, 2017	**97,131.34**	**2,017.45**	**589.16**	**99,737.95**
New loans disbursed in FY17-18	77,349.91	295.52	20.31	**77,665.74**
Loans closed/written off during the year	(18,083.01)	(214.65)	(107.83)	**(18,405.49)**
Stage same in both years- change in provisioning	18,167.68	57.78	(14.63)	**18,210.83**
Movement of stages due to asset reclassification	(3,425.92)	2,273.47	538.50	**(613.95)**
Closing EAD March 31, 2018	**134,804.64**	**4,314.01**	**1,054.77**	**140,173.42**

38 B.4 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.

38 B.5 Contractual amount outstanding on financial assets that were written off during the reporting year

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Write off	179.57	12.82

38 B.6 Credit Risk Grading of loans

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. The Company ensures effective monitoring of credit facilities through a portfolio quality review framework. As per this process, 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.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. An independent risk and policy team reviews adherence to policies and processes and carries out audit on periodic basis. Additionally, the Company evaluates risk based on staging as defined in IndAS details of which are as follows:

(₹ in Millions)

Risk Categorisation	As at March 31, 2019	As at March 31, 2018
Stage 1	144,714.60	134,804.64
Stage 2	5,172.74	4,314.00
Stage 3	1,345.18	1,054.78
Total	**151,232.52**	**140,173.42**

38 C 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 well defined Asset Liability Management (ALM) Framework with an appropriate organisational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Company seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(i) Maturities of financial liabilities (Excluding unamortised issue and prepaid expenses)

(₹ in Millions)

Contractual maturities of financial liabilities As at March 31, 2019	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	421.32	-	8.19	-	-	413.13	-
Trade Payables	444.39	444.39	-	-	-	-	-
Debt Securities	22,181.34	281.25	2,313.00	923.25	15,410.69	2,251.25	1,001.90
Borrowings (Other than Debt Securities)	91,357.83	9,020.46	4,177.91	9,353.29	37,501.16	20,497.40	10,807.61
Subordinated Liabilities	6,435.16	-	-	-	2,470.00	1,150.00	2,815.16
Other financial liabilities	8,508.30	6,400.50	338.36	54.62	1,531.76	101.69	81.37

(₹ in Millions)

Contractual maturities of financial liabilities As at March 31, 2018	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	3.00	-	-	3.00	-	-	-
Trade Payables	365.99	365.99	-	-	-	-	-
Debt Securities	26,365.62	4,841.00	3,020.00	9,911.02	8,173.00	420.60	-
Borrowings (Other than Debt Securities)	74,276.52	19,523.20	1,634.54	5,335.52	24,769.89	14,937.64	8,075.73
Subordinated Liabilities	4,470.00	-	-	-	2,000.00	470.00	2,000.00
Other financial liabilities	10,951.03	9,185.33	479.99	586.96	691.89	6.86	-

(₹ in Millions)

Contractual maturities of financial liabilities As at April 01, 2017	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	-	-	-	-	-	-	-
Trade Payables	237.01	237.01	-	-	-	-	-
Debt Securities	26,942.59	2,500.00	915.00	443.00	19,604.59	3,480.00	-
Borrowings (Other than Debt Securities)	41,933.62	9,049.51	1,365.45	2,691.45	14,428.97	9,316.93	5,081.31
Subordinated Liabilities	2,620.00	-	-	-	-	2,470.00	150.00
Other financial liabilities	8,747.43	6,873.16	596.98	330.73	731.15	215.41	-

Note: In computing the above information with respect to Cash Credit and Overdraft facilities with Banks, the Management has made certain estimates and assumptions which have been relied upon by the auditors.

(ii) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting year:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Floating rate			
- Expiring within one year (bank overdraft and other facilities)	1,717.10	4,563.94	3,532.19
- Expiring beyond one year (bank loans and NCDs)	-	3,000.00	1,600.00

38 D 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 categorised 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 and Foreign exchange risk.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

38 D.1 Interest rate risk

Total Borrowings of the Company are as follows:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Floating rate borrowings	71,488.89	48,929.11	31,897.61
Fixed rate borrowings	48,485.42	56,183.03	39,598.60
Total borrowings	**119,974.31**	**105,112.14**	**71,496.21**

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 Millions)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans and bank overdrafts	8.98%	69,488.89	57.92%	8.18%	48,929.11	46.55%	8.46%	31,897.61	44.61%
Non Convertible Debentures	9.20%	2,000.00	1.67%	-	-	-	-	-	-
Net exposure to cash flow interest rate risk		**71,488.89**	**59.59%**		**48,929.11**	**46.55%**		**31,897.61**	**44.61%**

An analysis by maturities is provided in note 38(C)(i) above. The percentage of total loans shows the proportion of loans that are currently at floating rates in relation to the total amount of borrowings.

(₹ in Millions)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Cross Currency Interest Rate Swaps	9.36%	3,458.57	2.88%	9.91%	900.00	0.86%		-	-

The Company had following floating rate loans and advances outstanding:

(₹ in Millions)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Loans and advances	11.90%	133,908.83	100.00%	11.11%	124,921.64	100.00%	11.77%	88,661.62	100.00%

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 Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Interest rates – increase by 30 basis points (30 bps) *	(139.52)	(95.99)	-	-
Interest rates – decrease by 30 basis points (30 bps) *	139.52	95.99	-	-

* Holding all other variables constant

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Profit or loss is sensitive to higher/lower interest income from loans and advances as a result of changes in interest rates.

(₹ in Millions)

Particulars	Impact on profit after tax	
	FY 2018-19	FY 2017-18
Interest rates – increase by 30 basis points (30 bps) *	261.35	245.07
Interest rates – decrease by 30 basis points (30 bps) *	(261.35)	(245.07)

* Holding all other variables constant

38 D.2 Exposure to currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from banks and External Commercial Borrowings (ECB).

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.

39. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company monitors capital using a capital adequacy ratio as prescribed by the NHB Directions.

39.1 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.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

The following table shows an analysis of financial instruments recorded at Fair Value hierarchy:

(₹ in Millions)

Particulars	As at March 31, 2019		
	FVTPL	FVTOCI	Amortised cost
Financial assets			
Cash and cash equivalents	-	-	8,081.04
Bank Balance other than (a) above	-	-	1,956.32
Receivables			
(i) Trade Receivables	-	-	268.28
Loans	-	34,879.09	99,118.40
Investments	-	-	-
Other Financial assets	-	-	1,116.95
Total financial assets	**-**	**34,879.09**	**110,540.99**
Financial liabilities			
Derivative financial instruments	-	421.32	-
Trade Payables	-	-	444.39
Debt Securities	-	-	22,154.93
Borrowings (Other than Debt Securities)	-	-	91,211.96
Subordinated Liabilities	-	-	6,377.24
Other financial liabilities	-	-	8,508.30
Total financial liabilities	**-**	**421.32**	**128,696.82**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2018		
	FVTPL	FVTOCI	Amortised cost
Financial assets			
Cash and cash equivalents	-	-	3,919.10
Bank Balance other than (a) above	-	-	24.49
Receivables			
(i) Trade Receivables	-	-	96.07
Loans	-	23,761.00	1,00,200.32
Investments	-	-	-
Other Financial assets	-	-	850.18
Total financial assets	**-**	**23,761.00**	**105,090.16**
Financial liabilities			
Derivative financial instruments	3.00	-	-
Trade Payables	-	-	365.99
Debt Securities	-	-	26,344.58
Borrowings (Other than Debt Securities)	-	-	74,231.88
Subordinated Liabilities	-	-	4,445.95
Other financial liabilities	-	-	10,951.03
Total financial liabilities	**3.00**	**-**	**116,339.43**

(₹ in Millions)

Particulars	As at April 01, 2017		
	FVTPL	FVTOCI	Amortised cost
Financial assets			
Cash and cash equivalents	-	-	904.27
Bank Balance other than (a) above	-	-	958.43
Receivables			
(i) Trade Receivables	-	-	25.16
Loans	-	12,264.68	76,084.14
Investments	0.19	-	-
Other Financial assets	-	-	412.75
Total financial assets	**0.19**	**12,264.68**	**78,384.75**
Financial liabilities			
Derivative financial instruments	-	-	-
Trade Payables	-	-	237.01
Debt Securities	-	-	26,903.28
Borrowings (Other than Debt Securities)	-	-	41,900.85
Subordinated Liabilities	-	-	2,600.88
Other financial liabilities	-	-	8,747.43
Total financial liabilities	**-**	**-**	**80,389.45**

Fair value of FVTOCI loans approximates the Carrying value of loans.

39.2 Financial instruments measured at fair value – Fair value hierarchy

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

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

1. The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs.

   The fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date.

   The fair value principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date.

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2. Fair value of loans approximates the Carrying value of loans.

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Loans - FVTOCI	-	-	34,879.09	34,879.09
Investments	-	-	-	-
(i) Debt Securities	-	-	-	-
Total financial assets	**-**	**-**	**34,879.09**	**34,879.09**
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	421.32	-	421.32
Total financial liabilities	**-**	**421.32**	**-**	**421.32**

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Loans - FVTOCI	-	-	23,761.00	23,761.00
Investments	-	-	-	-
(i) Debt Securities	-	-	-	-
Total financial assets	**-**	**-**	**23,761.00**	**23,761.00**
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	3.00	-	3.00
Total financial liabilities	**-**	**3.00**	**-**	**3.00**

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at April 01, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Loans - FVTOCI	-	-	12,264.68	12,264.68
Investments	0.19	-	-	0.19
(i) Debt Securities	0.19	-	-	0.19
Total financial assets	**0.19**	**-**	**12,264.68**	**12,264.87**
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2019	Fair value	Carrying value	Fair value hierarchy
Financial assets			
Cash and cash equivalents	8,081.04	8,081.04	-
Bank Balance other than included above	1,956.32	1,956.32	-
Receivables			
(i) Trade Receivables	268.28	268.28	-
Loans	99,118.40	99,118.40	Level 3
Other Financial assets	1,116.95	1,116.95	-
Total financial assets	**110,540.99**	**110,540.99**	
Financial Liabilities			
Trade Payables	444.39	444.39	-
Debt Securities	21,857.51	22,154.93	Level 3
Borrowings (Other than Debt Securities)	91,211.96	91,211.96	Level 3
Subordinated Liabilities	6,037.69	6,377.24	Level 3
Other financial liabilities	8,508.30	8,508.30	-
Total financial liabilities	**128,059.85**	**128,696.82**	

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2018	Fair value	Carrying value	Fair value hierarchy
Financial assets			
Cash and cash equivalents	3,919.10	3,919.10	-
Bank Balance other than included above	24.49	24.49	-
Receivables			
(i) Trade Receivables	96.07	96.07	-
Loans	1,00,200.32	1,00,200.32	Level 3
Other Financial assets	850.18	850.18	-
Total financial assets	**105,090.16**	**105,090.16**	
Financial Liabilities			
Trade Payables	365.99	365.99	-
Debt Securities	26,323.65	26,344.58	Level 3
Borrowings (Other than Debt Securities)	74,231.88	74,231.88	Level 3
Subordinated Liabilities	4,433.22	4,445.95	-
Other financial liabilities	10,951.03	10,951.03	
Total financial liabilities	**116,305.77**	**116,339.43**	

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at April 01, 2017	Fair value	Carrying value	Fair value hierarchy
Financial assets			
Cash and cash equivalents	904.27	904.27	-
Bank Balance other than included above	958.43	958.43	-
Receivables			
(i) Trade Receivables	25.16	25.16	-
Loans	76,084.14	76,084.14	Level 3
Other Financial assets	412.75	412.75	-
Total financial assets	**78,384.75**	**78,384.75**	
Financial Liabilities			
Trade Payables	237.01	237.01	-
Debt Securities	27,588.06	26,903.28	Level 3
Borrowings (Other than Debt Securities)	41,900.85	41,900.85	Level 3
Subordinated Liabilities	2,778.83	2,600.88	Level 3
Other financial liabilities	8,747.43	8,747.43	-
Total financial liabilities	**81,252.18**	**80,389.45**	

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) Short-term financial assets and liabilities: For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, other financial assets & liabilities.

(ii) Borrowings 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.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

39.3 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 Millions)

Particulars	Loans - FVTOCI	
	As at March 31, 2019	As at March 31, 2018
Opening Balance	23,761.00	12,264.68
Sold during the year	36,573.57	14,552.96
Issuances	47,691.66	26,049.28
Closing Balance	**34,879.09**	**23,761.00**

39.4 Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2019, the Company has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The 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.

The table below summarises the carrying amount of the derecognised financial assets measured at FVTOCI and the gain/(loss) on derecognition:

(₹ in Millions)

Loans and advances	FY 2018-19	FY 2017-18
Carrying amount of derecognised financial assets	36,573.57	14,552.96
Gain from derecognition	552.79	638.65

39.5 Transferred financial assets that are not derecognised in their entirety:

The Company uses securitisations as a source of finance. Such transaction resulted in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Such deals resulted in continued recognition of the securitised assets since the Company retains substantial risks and rewards. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in Millions)

Securitisations	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Carrying amount of transferred assets measured at amortised cost	4,388.06	5,840.12	6,783.44
Carrying amount of associated liabilities	4,388.06	5,840.12	6,783.44
Fair value of assets	4,388.06	5,840.12	6,783.44
Fair value of associated liabilities	4,388.06	5,840.12	6,783.44
Net position at FV	-	-	-

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

40 A. Related Party Disclosures as per Ind AS – 24 "Related Party Disclosure" for the year ended March 31, 2019

Nature of relationship	Name of Party
Ultimate Holding Company	IIFL Holdings Limited
Holding company	India Infoline Finance Limited
Fellow Subsidiaries upto March 31, 2018	IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)
	IIFL Securities Limited (Formerly known as India Infoline Limited)
	IIFL Wealth Management Limited
	IIFL Wealth Finance Limited
	IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)
	India Infoline Media and Research Services Limited
	IIFL Distribution Services Limited
	IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)
	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	IIFL Alternate Asset Advisors Limited
	5Paisa Capital Limited
	India Infoline Foundation
Fellow Subsidiaries	Samasta Microfinance Limited
Other Related Parties w.e.f. April 01, 2018	IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)
	IIFL Securities Limited (Formerly known as India Infoline Limited)
	IIFL Wealth Management Limited
	IIFL Wealth Finance Limited (Formerly known as Chephis Capital Markets Limited)
	IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)
	India Infoline Media and Research Services Limited
	IIFL Distribution Services Limited
	IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)
	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	IIFL Alternate Asset Advisors Limited
	5Paisa Capital Limited
	India Infoline Foundation
	Mr. Nirmal Jain - Non-Executive Director
	Mr. R Venkatarman - Non-Executive Director
Key Management Personnel	Mr. Monu Ratra - Executive Director & CEO
	Mr. Kranti Sinha - Independent Director
	Mr. S. Sridhar - Independent Director
	Ms. Suvalaxmi Chakraborty- Independent Director

List includes related parties with whom transactions were carried out during current or previous year.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

40 B. Significant transactions with related parties:

(₹ in Millions)

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Other related parties	Key Managerial Personnel	Total
Interest Income						
India Infoline Finance Limited	-	24.67	-	-	-	24.67
	(-)	(36.52)	(-)	(-)	(-)	(36.52)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	1.41	-	1.41
	(-)	(-)	(0.39)	(-)	(-)	(0.39)
Interest Expense						
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	-	-	-
	(-)	(-)	(0.28)	(-)	(-)	(0.28)
India Infoline Finance Limited	-	27.64	-	-	-	27.64
	(-)	(24.63)	(-)	(-)	(-)	(24.63)
IIFL Alternate Asset Advisors Limited	-	-	-	0.76	-	0.76
	(-)	(-)	(-)	(-)	(-)	(-)
Service Fees for Mortgage Portfolio						
India Infoline Finance Limited	-	12.41	-	-	-	12.41
	(-)	(18.49)	(-)	(-)	(-)	(18.49)
Service Fees on Assignment transaction						
India Infoline Finance Limited	-	4.17	-	-	-	4.17
	(-)	(7.08)	(-)	(-)	(-)	(7.08)
Corporate Social Responsibility Expense (CSR)						
India Infoline Foundation	-	-	-	36.05	-	36.05
	(-)	(-)	(21.21)	(-)	(-)	(21.21)
Other Borrowing Cost - Arranger fees						
IIFL Wealth Management Limited	-	-	-	53.64	-	53.64
	(-)	(-)	(-)	(-)	(-)	(-)
Other Expenses - Commission Paid						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	26.79	-	26.79
	(-)	(-)	(11.27)	(-)	(-)	(11.27)
Samasta Microfinance Limited	-	-	6.14	-	-	6.14
	(-)	(-)	(1.20)	(-)	(-)	(1.20)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	-	-	-
	(-)	(-)	(8.73)	(-)	(-)	(8.73)
Other Expenses - Rent Expenses						
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	19.24	-	19.24
	(-)	(-)	(19.29)	(-)	(-)	(19.29)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	-	-	-
	(-)	(-)	(0.71)	(-)	(-)	(0.71)
Other Expenses - Commission/ Brokerage Expense						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	0.02	-	0.02
	(-)	(-)	(0.03)	(-)	(-)	(0.03)
Remuneration and Compensation to KMP						
Mr. Monu Ratra - Executive Director & CEO	-	-	-	-	56.25	56.25
	(-)	(-)	(-)	(-)	(31.62)	(31.62)
Mr. Kranti Sinha - Independent Director	-	-	-	-	0.39	0.39
	(-)	(-)	(-)	(-)	(0.36)	(0.36)
Mr. S. Sridhar - Independent Director	-	-	-	-	1.30	1.30
	(-)	(-)	(-)	(-)	(1.36)	(1.36)
Ms. Suvalaxmi Chakraborty- Independent Director	-	-	-	-	0.76	0.76
	(-)	(-)	(-)	(-)	(-)	(-)

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Other related parties	Key Managerial Personnel	Total
Interim Dividend Payment						
India Infoline Finance Limited	-	41.94	-	-	-	41.94
	(-)	(-)	(-)	(-)	(-)	(-)
ICD Taken						
India Infoline Finance Limited	-	77,147.00	-	-	-	77,147.00
	(-)	(68,061.30)	(-)	(-)	(-)	(68,061.30)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	-	-	-
	(-)	(-)	(1,080.00)	(-)	(-)	(1,080.00)
ICD Returned						
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	-	-	-
	(-)	(-)	(1,080.00)	(-)	(-)	(1,080.00)
India Infoline Finance Limited	-	77,147.00	-	-	-	77,147.00
	(-)	(68,061.30)	(-)	(-)	(-)	(68,061.30)
ICD/Loan Given						
India Infoline Finance Limited	-	4,410.00	-	-	-	4,410.00
	(-)	(3,462.10)	(-)	(-)	(-)	(3,462.10)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	1,500.00	-	1,500.00
	(-)	(-)	(6,050.00)	(-)	(-)	(6,050.00)
ICD/Loan received back						
India Infoline Finance Limited	-	4,410.00	-	-	-	4,410.00
	(-)	(3,462.10)	(-)	(-)	(-)	(3,462.10)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	1,500.00	-	1,500.00
	(-)	(-)	(6,050.00)	(-)	(-)	(6,050.00)
Equity Shares Allotment						
India Infoline Finance Limited	-	1,000.00	-	-	-	1,000.00
	(-)	(-)	(-)	(-)	(-)	(-)
Allocation / Reimbursement of expenses paid						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	45.69	-	45.69
	(-)	(-)	(25.48)	(-)	(-)	(25.48)
IIFL Holdings Limited	6.18	-	-	-	-	6.18
	(25.86)	(-)	(-)	(-)	(-)	(25.86)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	2.74	-	2.74
	(-)	(-)	(0.05)	(-)	(-)	(0.05)
India Infoline Finance Limited	-	26.99	-	-	-	26.99
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	12.03	-	12.03
	(-)	(-)	(9.44)	(-)	(-)	(9.44)
Allocation / Reimbursement of expenses paid others						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	1.31	-	1.31
	(-)	(-)	(0.99)	(-)	(-)	(0.99)
IIFL Holdings Limited	2.27	-	-	-	-	2.27
	(-)	(-)	(-)	(-)	(-)	(-)
India Infoline Media and Research Services Limited	-	-	-	-	-	-
	(-)	(-)	(0.01)	(-)	(-)	(0.01)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	0.03	-	0.03
	(-)	(-)	(0.04)	(-)	(-)	(0.04)
India Infoline Finance Limited	-	26.12	-	-	-	26.12
	(-)	(0.72)	(-)	(-)	(-)	(0.72)

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Other related parties	Key Managerial Personnel	Total
IIFL Distribution Services Limited	-	-	-	-	-	-
	(-)	(-)	(0.11)	(-)	(-)	(0.11)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	0.00	-	0.00
	(-)	(-)	(0.03)	(-)	(-)	(0.03)
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	-	-	-	-	-	-
	(-)	(-)	(1.50)	(-)	(-)	(1.50)
Allocation / Reimbursement of expenses received						
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	-	-	-
	(-)	(-)	(0.45)	(-)	(-)	(0.45)
IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	-	-	-	-	-	-
	(-)	(-)	(0.02)	(-)	(-)	(0.02)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	0.12	-	0.12
	(-)	(-)	(0.54)	(-)	(-)	(0.54)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	13.84	-	13.84
	(-)	(-)	(9.49)	(-)	(-)	(9.49)
5Paisa Capital Limited	-	-	-	0.03	-	0.03
	(-)	(-)	(0.01)	(-)	(-)	(0.01)
India Infoline Finance Limited	-	5.65	-	-	-	5.65
	(-)	(-)	(-)	(-)	(-)	(-)
Allocation / Reimbursement of expenses received others						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	0.05	-	0.05
	(-)	(-)	(0.39)	(-)	(-)	(0.39)
India Infoline Finance Limited	-	0.22	-	-	-	0.22
	(-)	(0.75)	(-)	(-)	(-)	(0.75)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	-	-	-
	(-)	(-)	(0.00)	(-)	(-)	(0.00)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	0.03	-	0.03
	(-)	(-)	(-)	(-)	(-)	(-)
Payment towards Assignment Transaction						
India Infoline Finance Limited	-	30.70	-	-	-	30.70
	(-)	(187.55)	(-)	(-)	(-)	(187.55)
Receipt towards Assignment Transaction						
India Infoline Finance Limited	-	68.54	-	-	-	68.54
	(-)	(113.90)	(-)	(-)	(-)	(113.90)
Debenture Issued						
IIFL Alternate Asset Advisors Limited	-	-	-	510.00	-	510.00
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Wealth Finance Limited	-	-	-	382.24	-	382.24
	(-)	(-)	(-)	(-)	(-)	(-)
Debenture Redemption						
IIFL Alternate Asset Advisors Limited	-	-	-	147.13	-	147.13
	(-)	(-)	(-)	(-)	(-)	(-)

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

40 C. Closing balance:

(₹ in Millions)

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Other related parties	Key Managerial Personnel	Total
Payable to Group/Holding Company						
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	0.05	-	0.05
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	0.94	-	0.94
	(-)	(-)	(-)	(-)	(-)	(-)
India Infoline Finance Limited	-	37.53	-	-	-	37.53
	(-)	(11.84)	(-)	(-)	(-)	(11.84)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	0.63	-	0.63
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Holdings Limited	0.50	-	-	-	-	0.50
	(-)	(-)	(-)	(-)	(-)	(-)
Receivable towards assignment						
India Infoline Finance Limited	-	5.35	-	-	-	5.35
	(-)	(13.86)	(-)	(-)	(-)	(13.86)
Payable towards assignment						
India Infoline Finance Limited	-	1.89	-	-	-	1.89
	(-)	(17.55)	(-)	(-)	(-)	(17.55)
Debt Securities Outstanding						
India Infoline Finance Limited	-	500.00	-	-	-	500.00
	(-)	(-)	(-)	(-)	(-)	(-)
Interest accrued on outstanding debt securities						
India Infoline Finance Limited	-	30.34	-	-	-	30.34
	(-)	(-)	(-)	(-)	(-)	(-)
Outstanding loan amount of securitised book purchased						
India Infoline Finance Limited	-	125.48	-	-	-	125.48
	(-)	(194.03)	(-)	(-)	(-)	(194.03)
Provision for Leave Encashment						
Mr. Monu Ratra - Executive Director & CEO	-	-	-	-	0.64	0.64
	(-)	(-)	(-)	(-)	(0.28)	(0.28)
Provision for Gratuity						
Mr. Monu Ratra - Executive Director & CEO	-	-	-	-	0.83	0.83
	(-)	(-)	(-)	(-)	(0.55)	(0.55)
Outstanding loan amount of securitised book sold						
India Infoline Finance Limited	-	137.48	-	-	-	137.48
	(-)	(168.17)	(-)	(-)	(-)	(168.17)

Figures in brackets represents previous year's figures.

40 D. Disclosure of Loan and advances pursuant to Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015:

(₹ in Millions)

Name of Related Party	Outstanding as on March 31, 2019	Maximum Outstanding during the year
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	1,000.00
India Infoline Finance Limited	-	350.00

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Note 41. Current and non Current classification - Statement of Assets and liabilities as at March 31, 2019

(₹ in Millions)

Sr. no.	Particulars	Current	Non Current	Total
ASSETS				
[1]	**Financial Assets**			
(a)	Cash and cash equivalents	8,081.04	-	8,081.04
(b)	Bank Balance other than (a) above	1,956.32	-	1,956.32
(c)	Receivables			
	(i) Trade Receivables	268.28	-	268.28
(d)	Loans	40,310.91	93,686.58	1,33,997.49
(e)	Investments	-	-	-
(f)	Other Financial assets	46.52	1,070.43	1,116.95
[2]	**Non-financial Assets**			
(a)	Current tax assets (Net)	-	141.15	141.15
(b)	Deferred tax Assets (Net)	-	320.08	320.08
(c)	Property, Plant and Equipment	-	44.67	44.67
(d)	Other Intangible assets	-	3.28	3.28
(e)	Other non-financial assets	26.62	2.77	29.39
Total Assets		**50,689.69**	**95,268.96**	**145,958.65**
LIABILITIES AND EQUITY				
LIABILITIES				
[1]	**Financial Liabilities**			
(a)	Derivative financial instruments	8.19	413.13	421.32
(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	444.39	-	444.39
(c)	Debt Securities	3,513.31	18,641.62	22,154.93
(d)	Borrowings (Other than Debt Securities)	23,417.12	67,794.84	91,211.96
(e)	Subordinated Liabilities	-	6,377.24	6,377.24
(f)	Other financial liabilities	6,793.48	1,714.82	8,508.30
[2]	**Non-Financial Liabilities**			
(a)	Current tax liabilities (Net)	242.84	-	242.84
(b)	Provisions	106.37	26.04	132.41
(c)	Other non-financial liabilities	498.44	-	497.44
[3]	**Equity**			
(a)	Equity Share capital	-	209.68	209.68
(b)	Other Equity	-	15,757.14	15,757.14
Total Liabilities and Equity		**35,024.14**	**110,934.51**	**145,957.65**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Note 41. Current and non Current classification - Statement of Assets and liabilities as at March 31, 2018

(₹ in Millions)

Sr. no.	Particulars	Current	Non Current	Total
ASSETS				
[1]	**Financial Assets**			
	(a) Cash and cash equivalents	3,834.43	84.67	3,919.10
	(b) Bank Balance other than (a) above	24.49	-	24.49
	(c) Receivables			
	(i) Trade Receivables	96.07	-	96.07
	(d) Loans	29,450.77	94,510.55	1,23,961.32
	(e) Investments	-	-	-
	(f) Other Financial assets	57.03	793.15	850.18
[2]	**Non-financial Assets**			
	(a) Current tax assets (Net)	-	155.05	155.05
	(b) Deferred tax Assets (Net)	-	172.22	172.22
	(c) Property, Plant and Equipment	-	26.46	26.46
	(d) Other Intangible assets	-	2.67	2.67
	(e) Other non-financial assets	16.12	3.33	19.45
Total Assets		**33,478.91**	**95,748.10**	**129,227.01**
LIABILITIES AND EQUITY				
LIABILITIES				
[1]	**Financial Liabilities**			
	(a) Derivative financial instruments	3.00	-	3.00
	(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	365.99	-	365.99
	(c) Debt Securities	17,757.84	8,586.74	26,344.58
	(d) Borrowings (Other than Debt Securities)	26,837.39	47,394.49	74,231.88
	(e) Subordinated Liabilities	-	4,445.95	4,445.95
	(f) Other financial liabilities	10,252.28	698.75	10,951.03
[2]	**Non-Financial Liabilities**			
	(a) Current tax liabilities (Net)	162.57	-	162.57
	(b) Provisions	75.00	12.40	87.40
	(c) Other non-financial liabilities	572.82	-	572.82
[3]	**Equity**			
	(a) Equity Share capital	-	199.68	199.68
	(b) Other Equity	-	11,862.11	11,862.11
Total Liabilities and Equity		**56,026.89**	**73,200.12**	**129,227.01**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

Note 41. Current and non Current classification - Statement of Assets and liabilities as at April 01, 2017

(₹ in Millions)

Sr. no.	Particulars	Current	Non Current	Total
ASSETS				
[1]	**Financial Assets**			
	(a) Cash and cash equivalents	904.27	-	904.27
	(b) Bank Balance other than (a) above	958.43	-	958.43
	(c) Receivables			
	(i) Trade Receivables	25.16	-	25.16
	(d) Loans	17,390.26	70,958.56	88,348.82
	(e) Investments	0.19	-	0.19
	(f) Other Financial assets	9.94	402.81	412.75
[2]	**Non-financial Assets**			
	(a) Current tax assets (Net)	-	79.00	79.00
	(b) Deferred tax Assets (Net)	-	203.03	203.03
	(c) Property, Plant and Equipment	-	14.16	14.16
	(d) Other Intangible assets	-	3.15	3.15
	(e) Other non-financial assets	12.59	3.01	15.60
Total Assets		**19,300.84**	**71,663.72**	**90,964.56**
LIABILITIES AND EQUITY				
LIABILITIES				
[1]	**Financial Liabilities**			
	(a) Derivative financial instruments	-	-	-
	(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	237.01	-	237.01
	(c) Debt Securities	3,852.37	23,050.91	26,903.28
	(d) Borrowings (Other than Debt Securities)	13,382.29	28,518.56	41,900.85
	(e) Subordinated Liabilities	-	2,600.88	2,600.88
	(f) Other financial liabilities	7,800.87	946.56	8,747.43
[2]	**Non-Financial Liabilities**			
	(a) Current tax liabilities (Net)	69.09	-	69.09
	(b) Provisions	53.19	8.76	61.95
	(c) Other non-financial liabilities	693.82	-	693.82
[3]	**Equity**			
	(a) Equity Share capital	-	199.68	199.68
	(b) Other Equity	-	9,550.57	9,550.57
Total Liabilities and Equity		**26,088.64**	**64,875.92**	**90,964.56**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

42. DISCLOSURES AS PER "HOUSING FINANCE COMPANIES – CORPORATE GOVERNANCE (NATIONAL HOUSING BANK) DIRECTIONS, 2016":

The following additional disclosures have been given in terms of the Notification No.NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank:

The below mentioned notes have been prepared from the financial information which has been derived from the audited books of account 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") after reversing the GAAP adjustment entries arising out of differences between the IND AS and the audited books of account as per Accounting Standards notified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2006 ("Indian GAAP/erstwhile GAAP") as at and for the year ended March 31, 2019 (the "derived Indian GAAP Financial Information") and audited books of account for the year ended March 31, 2018 under Indian GAAP.

I. Capital

(₹ in Millions)

Particulars	March 31, 2019	March 31, 2018
(i) CRAR %	21.02	17.17
(ii) CRAR - Tier I Capital (%)	15.82	13.06
(iii) CRAR - Tier II Capital (%)	5.20	4.11
(iv) Amount of subordinated debt raised as Tier- II Capital	6,435	4,470
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

II) Reserve fund u/s 29C of NHB Act, 1987

(₹ in Millions)

Particulars	March 31, 2019	March 31, 2018
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	896.23	513.82
b) Statutory Reserve U/s 29C of the NHB Act, 1987	66.47	53.88
Total	**962.70**	**567.70**
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	561.93	382.41
b) Amount transferred U/s 29C of the NHB Act, 1987	51.07	12.59
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	-	-
b) Amount appropriated from the Statutory Reserve U/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year	**1,575.70**	**962.70**
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	1,458.16	896.23
b) Statutory Reserve U/s 29C of the NHB Act, 1987	117.54	66.47
Total	**1,575.70**	**962.70**

III) Investments

(₹ in Millions)

Particulars	March 31, 2019	March 31, 2018
A) Value of Investments		
(i) Gross Value of Investments		
(a) In India	-	-
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	-	-
(b) Outside India	-	-
B) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	-	-
(iv) Closing balance	-	-

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

IV) Derivatives

a. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in Millions)

Particulars	March 31, 2019	March 31, 2018
(i) The notional principal of swap agreements	3,980.75	900.00
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	421.32	3.00
(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	421.32	3.00

b. Exchange Traded Interest Rate (IR) Derivative

(₹ in Millions)

Particulars	March 31, 2019
(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, 2019 (instrument-wise)	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

(₹ in Millions)

Particulars	March 31, 2018
(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, 2018 (instrument-wise)	-
(iii) Notional principal amount 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 a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps. The Company undertakes derivative transactions for hedging on-balance sheet assets and liabilities.

B. Quantitative Disclosure

(₹ in Millions)

Particulars	Currency Derivatives March 31, 2019	Interest Rate Derivatives March 31, 2019
(i) Derivatives (Notional Principal Amount) For hedging	3,980.75	-
(ii) Marked to Market Positions [1]		
(a) Assets (+)	-	-
(b) Liability (-)	421.32	-
(iii) Credit Exposure [2]	38.06	-
(iv) Unhedged Exposures	-	-

(₹ in Millions)

Particulars	Currency Derivatives March 31, 2018	Interest Rate Derivatives March 31, 2018
(i) Derivatives (Notional Principal Amount) For hedging	900.00	-
(ii) Marked to Market Positions [1]		
(a) Assets (+)	-	-
(b) Liability (-)	3.00	-
(iii) Credit Exposure [2]	4.50	-
(iv) Unhedged Exposures	-	-

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

V) Details on Securitisation

a) Securitisation transactions under SPV Structure sponsored by HFC

(₹ in Millions)

Particulars	March 31, 2019	March 31, 2018
i) No of SPVs sponsored by the HFC for securitisation transactions	8	8
ii) Total amount of securitised assets as per books of the SPVs sponsored	4,388.06	5,840.12
iii) Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
a) Off-balance sheet exposures towards Credit Enhancements	-	-
b) On-balance sheet exposures towards Credit Enhancements	899.87	920.08
iv) Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures towards Credit Enhancements		
(A) Exposure to own securitisations	-	-
(B) Exposure to third party securitisations	-	-
b) On-balance sheet exposures towards Credit Enhancements		
(A) Exposure to own securitisations	-	-
(B) Exposure to third party securitisations	-	-

b) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

(₹ in Millions)

Particulars	2018-19	2017-18
(i) No. of accounts	3	3
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	7.33	1.84
(iii) Aggregate consideration	11.40	3.60
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	4.07	1.76

c) Details of Assignment transactions undertaken

(₹ in Millions)

Particulars	2018-19	2017-18
(i) No. of accounts	19,488	4,532
(ii) Aggregate value (net of provisions) of accounts assigned	36,573.57	14,552.96
(iii) Aggregate consideration	36,573.57	14,552.96
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

d) Details of non-performing financial assets purchased/sold

Details of non-performing financial assets purchased

(₹ in Millions)

Particulars	2018-19	2017-18
(i) No. of accounts purchased during the year	-	-
(ii) Aggregate outstanding	-	-
(iii) Of these, number of accounts restructured during the year	-	-
(iv) Aggregate outstanding	-	-

Details of non-performing financial assets sold

(₹ in Millions)

Particulars	2018-19	2017-18
(i) No. of accounts sold	3	3
(ii) Aggregate outstanding	34.84	6.28
(iii) Aggregate consideration received	11.40	3.60

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

VI) Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

(₹ in Millions)

Particulars	Upto 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 year	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Borrowings from Bank	538.71	312.50	1,726.45	4,120.42	9,233.97	36,980.08	16,427.28	2,686.58	2,448.74	2,656.76	**77,131.49**
	(125.00)	(312.50)	(1,078.54)	(1,494.63)	(4,173.07)	(24,144.69)	(14,227.27)	(2,318.19)	(1,383.62)	(420.53)	**(49,678.04)**
Market Borrowing	989.12	5,325.75	-	2,313.00	923.25	17,880.69	3,401.25	1,001.89	2,815.16	-	**34,650.11**
	(4,865.09)	(12,656.70)	(5,177.58)	(4,620.00)	(9,911.02)	(8,573.00)	(890.60)	(1,150.00)	(850.00)	(-)	**(48,693.99)**
Foreign Currency Liabilities	-	-	346.10	-	-	-	3,458.57	-	-	-	**3,804.67**
	(-)	(-)	(-)	(-)	(900.00)	(-)	(-)	(-)	(-)	(-)	**(900.00)**
Assets											
Advances	3,521.35	3,500.27	3,501.44	5,125.18	8,817.39	36,287.77	23,463.06	12,748.03	8,836.45	23,724.65	**129,525.59**
	(1,768.35)	(1,791.87)	(2,511.28)	(4,067.27)	(8,793.73)	(13,660.89)	(13,452.54)	(10,946.71)	(16,975.54)	(45,120.09)	**(119,088.27)**
Investments	-	-	-	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**

Figures in Brackets represents previous year's figures.

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management and relied upon by the auditors.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

VII) Exposure

a) Exposure to Real Estate Market

(₹ in Millions)

Particulars	March 31, 2019	March 31, 2018
a) Direct exposure		
(i)Residential Mortgages-		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
Up to ₹15 Lacs	21,149.20	14,553.60
More Than ₹15 Lacs	83,437.90	77,085.19
(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;	26,617.81	28,669.66
(iii)Investments in Mortgage Backed Securities(MBS) and other securitised exposures-		
a. Residential	-	-
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, interest overdue and interest accrued but not due. In computing the above information, certain estimates, assumptions and adjustments have been made by the Management and relied upon by the auditors.

b) Exposure to Capital Market

(₹ in Millions)

Particulars	March 31, 2019	March 31, 2018
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 (both registered and unregistered)	-	-

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, authorisations, etc. that are charged as collateral for the purposes of financing.

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

VIII) **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).

IX) **Penalties imposed by NHB or any other regulators:** During the year, there were no penalties imposed by NHB or any other regulators.

X) **Related Party Transactions:** Related party transaction details have been disclosed under Note 40.

XI) **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, 2019**

(₹ in Millions)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
Secured NCDs Proposed	Brickwork Ratings	BWR AA+/Stable	250.00
Unsecured Subordinated NCD	Brickwork Ratings	BWR AA+/Stable	1,000.00
Subordinated NCD	Brickwork Ratings	BWR AA+/Stable	2,350.00
Total Bank Loan Facilities Rated	CRISIL Limited	CRISIL AA/Stable	40,000.00
Non Convertible Debentures	CRISIL Limited	CRISIL AA/Stable	17,500.00
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	2,000.00
Long Term Principal Protected Market Linked Debentures	CRISIL Limited	CRISIL PP-MLD AAr/Stable	3,000.00
Commercial Paper	CRISIL Limited	CRISIL A1+	50,000.00
Commercial Paper programme	ICRA Limited	[ICRA]A1+	50,000.00
NCD Programme	ICRA Limited	[ICRA]AA(stable)	40,000.00
Subordinate Debt Programme	ICRA Limited	[ICRA]AA(stable)	6,000.00
Long Term Fund Based Bank Lines Programme	ICRA Limited	[ICRA]AA(stable)	50,000.00
Long term principal protected market linked debenture programme	ICRA Limited	PP-MLD[ICRA]AA(stable)	2,000.00
Non-Convertible Debentures	CARE Ratings	CARE AA; Stable	4,000.00

b) **Details of Migration of Ratings for the FY 2018-19**

(₹ in Millions)

Instrument	Name of the Rating Agency	Amount Rated	Rating in 2018-19	Rating in 2017-18
Non-Convertible Debentures	CARE Ratings	4,000.00	CARE AA; Stable	CARE AA /Outlook positive

a) **Ratings Assigned by Credit Rating Agencies as at March 31, 2018**

(₹ in Millions)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
Short Term Debt Programme	ICRA Limited	[ICRA]A1+	30,000.00
Long term principal protected equity linked debenture programme	ICRA Limited	PP-MLD[ICRA]AA(stable)	2,000.00
Long Term Fund Based Bank Lines Programme	ICRA Limited	[ICRA]AA(stable)	50,000.00
Subordinate Debt Programme	ICRA Limited	[ICRA]AA(stable)	6,000.00
NCD Programme	ICRA Limited	[ICRA]AA(stable)	40,000.00
Non Convertible Debenture	CARE Ratings	CARE AA /Outlook positive	4,000.00
Non Convertible Debenture	CARE Ratings	CARE AA /Outlook positive	5,000.00
Short Term Debt	CRISIL Limited	CRISIL A1+ (Assigned)	30,000.00
Non Convertible Debenture	CRISIL Limited	CRISIL AA	2,000.00
Non Convertible Debenture	CRISIL Limited	CRISIL AA	500.00
Non Convertible Debenture	CRISIL Limited	CRISIL AA	5,000.00
Unsecured Subordinated NCD	Brickwork Rating	BWR AA+ Outlook Stable	2,000.00
Unsecured Subordinated NCD	Brickwork Rating	BWR AA+ Outlook Stable	350.00

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

b) Details of Migration of Ratings for the FY 2017-18

(₹ in Millions)

Instrument	Name of the Rating Agency	Amount Rated	Rating in 2017-18	Rating in 2016-17
NIL	NIL	NIL	NIL	NIL

XII) Remuneration of Non-Executive Directors

(₹ in Millions)

Name of Directors	Remuneration Paid 2018-19	Remuneration Paid 2017-18
Mr. Kranti Sinha	0.39	0.36
Mr. S. Sridhar	1.30	1.36
Ms. Suvalaxmi Chakraborty	0.76	-

XIII) Applicability of Consolidation of Financial Statements: As the Company does not have any subsidiary applicability of Consolidation of Financial Statement does not arise.

XIV) Details on Provisions and Contingencies

a) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(₹ in Millions)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2018-19	2017-18
Provisions for depreciation on Investment	-	-
Provision made towards Income tax	1,341.78	1,052.50
Provision towards NPA	193.25	238.46
Provision for Standard Assets	**(13.50)**	**128.60**
CRE – Residential	(15.42)	38.48
CRE – Others	(14.39)	6.14
Others	16.31	83.98

Note: the above figures are basis the IGAAP

b) Break up of Loans and Advances and Provisions thereon

(₹ in Millions)

Breakup of Loans and Advances and Provisions thereon	Housing		Non-Housing	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Standard Assets				
a) Total Outstanding Amount	88,722.56	82,557.28	41,381.75	36,945.39
b) Provisions made	314.43	365.32	178.17	140.79
Sub-Standard Assets				
a) Total Outstanding Amount	606.28	404.38	245.93	190.90
b) Provisions made	367.26	214.94	159.38	116.56
Doubtful Assets - Category I				
a) Total Outstanding Amount	166.57	108.55	52.13	39.61
b) Provisions made	126.49	77.49	40.63	48.23
Doubtful Assets - Category II				
a) Total Outstanding Amount	59.97	73.63	20.67	38.79
b) Provisions made	51.33	68.89	17.82	32.57
Doubtful Assets - Category III				
a) Total Outstanding Amount	2.02	7.58	0.07	0.18
b) Provisions made	2.02	7.58	0.07	0.18
Loss Assets				
a) Total Outstanding Amount	-	5.11	-	0.21
b) Provisions made	-	5.11	-	0.21
Total				
a) Total Outstanding Amount	**89,557.40**	**83,156.53**	**41,700.55**	**37,215.08**
b) Provisions Amount	**861.53**	**739.33**	**396.07**	**338.54**

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

XV) Details on drawn drown from reserves

The disclosure pertaining to drawn down from Reserves has been disclosed shown in Statement of Changes in Equity.

XVI) 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.

b) **Concentration of Loans & Advances**

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Loans & Advances to twenty largest borrowers	9,576.96	9,218.91
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	7.39%	7.74%

c) **Concentration of all Exposure (including off-balance sheet exposure)**

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to twenty largest borrowers / customers	10,750.58	10,904.89
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	7.30%	8.10%

Note: Exposure includes amount outstanding including principal, interest overdue, interest accrued but not due and sanctioned but undisbursed.

d) **Concentration of NPAs**

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to top ten NPA accounts	374.34	234.10

e) **Sector wise NPAs**

(₹ in Millions)

Sector	As at March 31, 2019	As at March 31, 2018
A. Housing Loans		
1. Individuals	671.59	539.66
2. Builders/Project Loans	163.25	59.49
3. Corporates	-	-
4. Others (specify)	-	-
B. Non-Housing Loans		
1. Individuals	170.55	167.19
2. Builders/Project Loans	60.57	4.58
3. Corporates	87.68	98.01
4. Others (specify)	-	-

Notes forming part of Financial Statements as at and for year ended March 31, 2019 (Contd.)

XVII) Movement of NPAs

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
(I) Net NPAs to Net Advances (%)	0.30%	0.25%
(II) Movement of NPAs (Gross)		
a. Opening balance	868.92	519.21
b. Additions during the year	763.62	580.94
c. Reductions during the year	(478.91)	(231.23)
d. Closing balance	**1,153.63**	**868.92**
(III) Movement of NPAs (Net)		
a. Opening balance	297.17	225.41
b. Additions during the year	352.89	287.33
c. Reductions during the year	(261.42)	(215.57)
d. Closing balance	**388.64**	**297.17**
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a. Opening balance	571.76	293.80
b. Provisions made during the year	550.67	390.64
c. Write-off/write-back of excess provisions	(357.43)	(112.68)
d. Closing balance	**765.00**	**571.76**

XVIII) Overseas Assets

The Company does not have any overseas assets.

XIX) Off-balance Sheet SPVs sponsored which are required to be consolidated as per accounting Norms. The Company does not have any off-balance sheet SPVs for which there is requirement of consolidation as per accounting norms.

XX) Details on Customer Complaints

(₹ in Millions)

Particulars	2018-19	2017-18
a) No. of complaints pending at the beginning of the year	7	9
b) No. of complaints received during the year	800	572
c) No. of complaints redressed during the year	786	574
d) No. of complaints pending at the end of the year	21	7

Customer complaints details as given above are as identified by the Company and relied upon by the auditors.

XXI) Percentage of outstanding loans granted against the collateral gold jewellery to the outstanding total assets is ₹ Nil. (P.Y. ₹ Nil.)

43. Previous year's figure have been re-grouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

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

R. Venkataraman
Director
(DIN: 00011919)

Monu Ratra
Executive Director & CEO
(DIN: 07406284)

Ajay Jaiswal
Company Secretary

Amit Gupta
Chief Financial Officer

Place : Mumbai
Date : May 13, 2019

Notes

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Corporate information

BOARD OF DIRECTORS

Mr. S. Sridhar
Chairman & Independent Director

Mr. Kranti Sinha
Independent Director

Ms. Suvalaxmi Chakraborty
Independent Director

Mr. Nirmal Jain
Non- Executive Director

Mr. R. Venkataraman
Non- Executive Director

Mr. Sumit Bali
Non- Executive Director

Mr. Monu Ratra
Executive Director & CEO

COMMITTEES OF BOARD

Audit Committee

Mr. S. Sridhar
Mr. Kranti Sinha
Mr. R. Venkataraman

Nomination and Remuneration Committee

Mr. Kranti Sinha
Mr. S. Sridhar
Mr. R. Vekataraman

Stakeholder Relationship Committee

Mr. R. Venkataraman
Mr. Monu Ratra
Mr. Sumit Bali

CSR Committee

Mr. Kranti Sinha
Mr. R. Venkataraman
Mr. Sumit Bali

Chief Financial Officer

Mr. Amit Kumar Gupta

Company Secretary

Mr. Ajay Jaiswal

Auditors

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants

Internal Auditors

M/s. KPMG
Chartered Accountants

Core Management Team

Mr. Sanjeev Srivastava
Chief Risk Officer

Mr. Mohit Kumar
National Credit Manager

Ms. Abhishikta Chadda Munjal
Head – Policy

Mr. Govind Modani
Head – Treasury

Mr. Manoj Kumar
Head – Legal

Mr. Pankaj Ahuja
Head – Collections

Mr. Rachit Gehani
Head – Strategy & Initiatives

Mr. Upendra Jaiswal
Head – Internal Audit

Mr. Lokesh Goyal
Head – Technical

Ms. Anjali Chadha
Head – Back- end Operations

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

National Housing Bank
Axis Bank
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
CITI Bank
Corporation Bank
HDFC Bank
IDFC Bank
ICICI Bank
IDBI Bank
Indian Bank
IndusInd Bank
Jammu and Kashmir Bank
Karnataka Bank
Kotak Mahindra Bank Limited
Oriental Bank of Commerce
Punjab & Sind Bank
RBL Bank Ltd
Standard Chartered Bank
State Bank of India
Syndicate bank
United Bank of India
Yes Bank

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.iifl.com/home-loans**

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