IIFL HOME LOAN

Nurturing
Hopes.
Homes.
Happiness.

IIFL Home Finance Limited
Annual Report 2019-20

Across the Pages

Corporate Overview

Statutory Reports

Financial Statements

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.

An emotion called home.
It evokes a sense of comfort and belonging.
It is an extension of one who lives in.
A home is a place where memories are created.
It the most beautiful four walls made of brick and beams.

Owning a home is a dream that millions of Indians aspire for each day. It is one of the biggest milestones that people spend their lives wishing for. And we at IIFL Home Finance Limited, help turn these dreams into reality. We make the aspirations of our customers tangible through our affordable home loans.

We help the economically weaker sections and the underserved segments of the society through accessible loan offerings, ensuring a secure future. Our aim is to nurture and promote sustainable living for our customers. Our endeavour is to promise a better life with access to better health and hygiene. As one of the leading fintech housing finance companies in the country, we are well placed with end-to-end digitised processes, strong competencies and great customer service.

We believe in our integrated vision of creating efficiency through focused efforts in our four growth pillars i.e. employees, organisation, society and environment. With responsible, ethical and transparent business strategies, we remain committed to building sustainable value for all our stakeholders.

Our Journey in Numbers

₹ 184,947 million

Assets Under Management as on March 31, 2020

₹ 17,752 million

Total Income for the year ended March 31, 2020

₹ 2,449 million

Profit After Tax for the year ended March 31, 2020

₹ 128,140 million

Loan Book

1.6%

Gross Stage 3#

127

Total number of branches as on March 31, 2020

₹ **9.4 billion**

Disbursements under Swaraj Home Loans as on March 31, 2020

₹ **9+ billion**

Total Subsidy provided under PMAY(U) till March 31, 2020

84%

Loans disbursed (on units) through 'Jhatpat' loan app

124,000+

Happy Customers

2,131

Workforce

38,300+

Total beneficiaries facilitated with PMAY Subsidy through IIFL Home Loan till March 31, 2020

Fulfilling Hopes and Aspirations. IIFL Home Finance Limited at a Glance

Incorporated in 2006 and registered in 2009 with National Housing Bank (NHB), IIFL Home Finance Limited is a wholly-owned subsidiary of IIFL Finance Limited. The Company is one of India's leading housing finance companies and is a preferred choice for affordable home loan requirements.

The Company's comprehensive product suite includes small ticket sized home loans, secured MSME Loans and project loans. Through accessible home loans, pan-India distribution network, efficient technology-led operations and transparent processes, IIFL Home Finance is well-placed to serve the needs of marginalised sections of the society.

With robust asset quality, ethical business approach and responsible social and environmental practices, the Company continues to deliver the best-in-class customer experience.

Our Comprehensive Product Portfolio

Our comprehensive suite of products cater to different segments in various geographical locations of India. Our tailor-made products and services transform the lives of millions of customers by nurturing their dreams of owning an affordable home.

Home Loans

We offer customised loan for buying a new home, renovation in existing home, construction on pre owned land and purchase of land for building a house thereon. Through our home loans, we primarily cater to the housing needs of salaried, self-employed and professionals. Our product, Swaraj Home Loans, is further designed to serve customers from underserved category, with informal income documents.

Secured MSME Loans

The MSME loans fulfill the needs of small and medium enterprises for meeting working capital requirement, business use and purchase of commercial property. The loans are backed by mortgage of residential or commercial properties. Our product, 'Samman' loan provides small ticket loan for lower income segments like small traders and garment shops owners, among others.

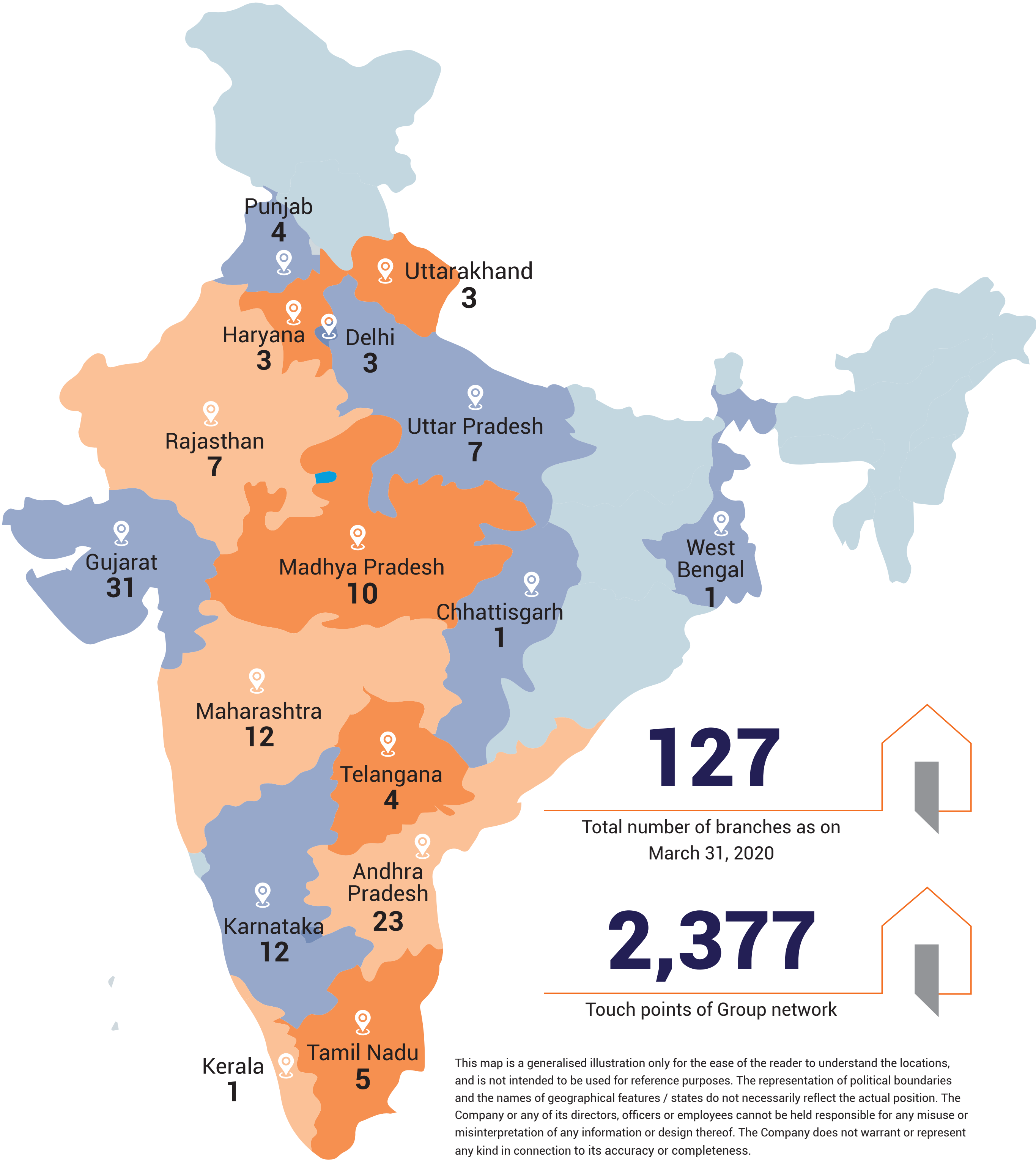
Affordable Housing Project Loans

We offer project loans to meet construction expenses of affordable housing projects of reputed developers. Through this loan category, we play a significant role in promoting Green Building initiative and Environmental, Social and Governance (ESG) aspect in the funded projects. We also have several tie-ups with developers for availing credit to property buyers under the retail home loan category.

Spreading Happiness

Diversified Geographical Presence

We have a strong outreach across length and breadth of the country through our extensive distribution network of over 127 branches across 17 states. This allows us to reach out to the deepest corners of the country and fulfill the credit needs of lower and mid-income segment, with ease and convenience. Besides, we continuously leverage IIFL Group's deep network of 2,377 touch points to connect with more potential customers across the social spectrum.



127

Total number of branches as on March 31, 2020

2,377

Touch points of Group network

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.

Nurturing Hopes, Homes and Happiness

Customer Success Stories

Harika Kurnala

Hyderabad

Loan Amount: ₹ **984,541**

Subsidy Amount: ₹ **267,280**

Harika wanted to shift to a better house in order to secure a better quality of life for her children. Though, Harika and her husband could barely make ends meet and owning a home with decent surroundings was like a distant dream for them. The possibilities emerged when they came to know about Pradhan Mantri Awas Yojana (Urban)-PMAY (U) subsidy and approached an IIFL Home Loan executive. Since then, everything was smooth and their loan was sanctioned and disbursed in a quick time. IIFL Home Loans not just made her dream come true, it also helped her availing the subsidy benefits under PMAY, ensuring a brighter future for her children.

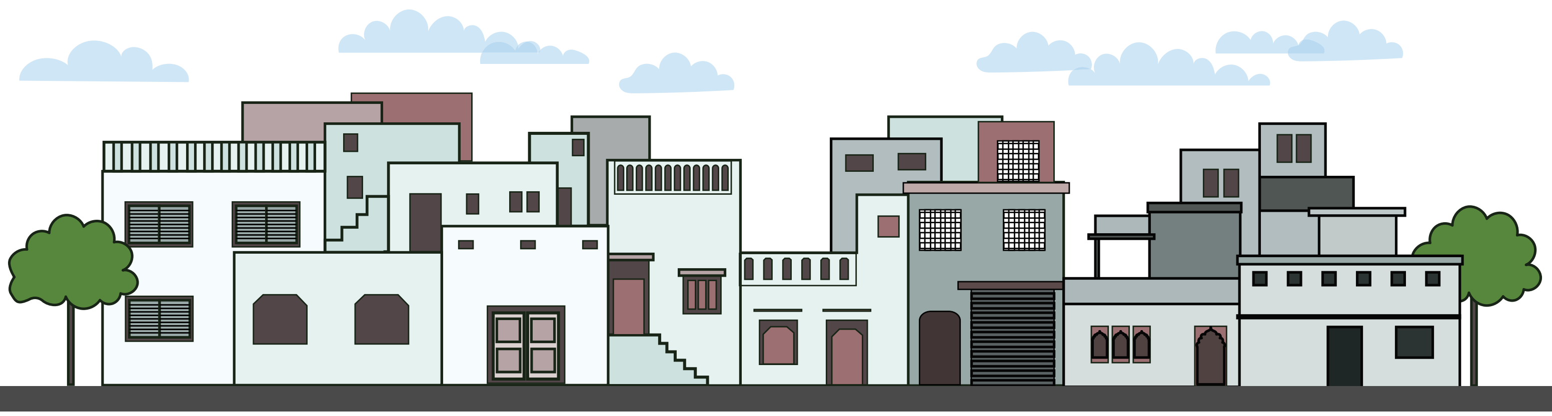
Himadri Singh

Mohali

Loan Amount: ₹ **799,357**

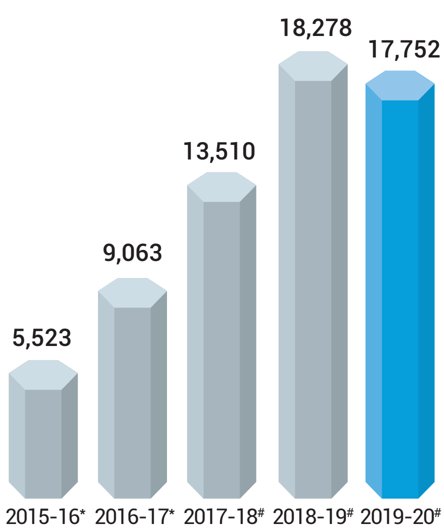
Subsidy Amount: ₹ **267,279**

Himadri Singh used to live in Chandigarh with her husband and son in a rented accommodation and under unhygienic conditions. The family faced sewage and water problems. Electricity was also an issue due to transformer overloading in the nearby industrial area. It took the family a lot of search, deliberation and discussion to decide and gather courage to fight the unfavourable conditions prevailing in their rented home. They finally decided to explore the option of buying their own home. Soon, they visited IIFL Home Loans branch near their home, where they got to know about the Credit Linked Subsidy Scheme under the PMAY. The loan amount made them realise their dream of owning a home and securing a better future.



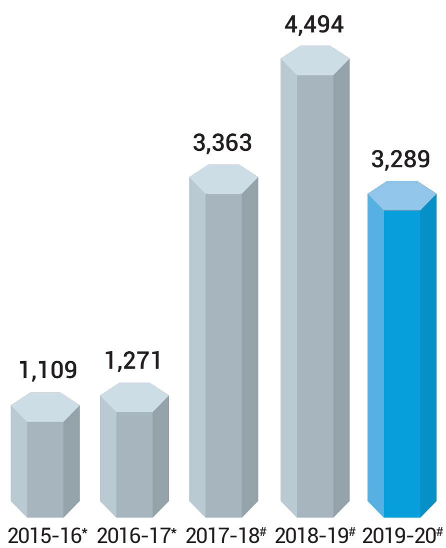
Key Financial Snapshot

Revenue
(₹ million)



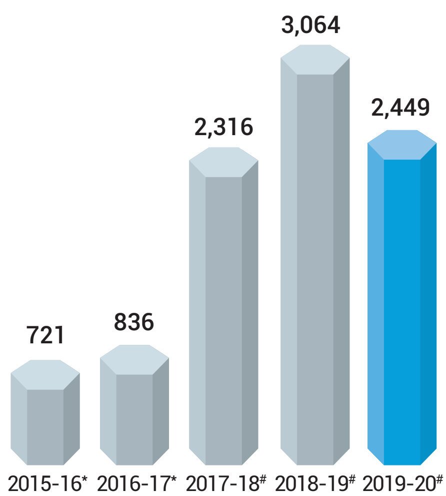
CAGR: **34%**

Profit before Tax
(₹ million)



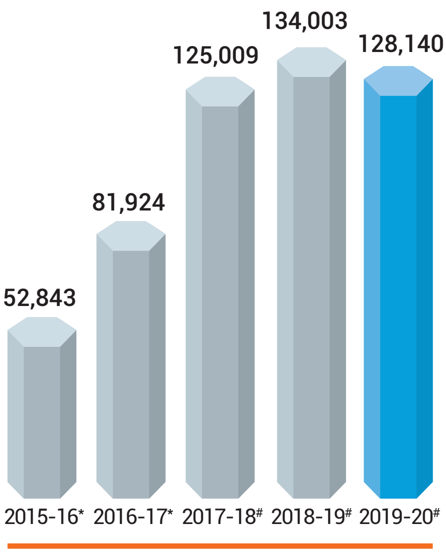
CAGR: **31%**

Profit after Tax
(₹ million)



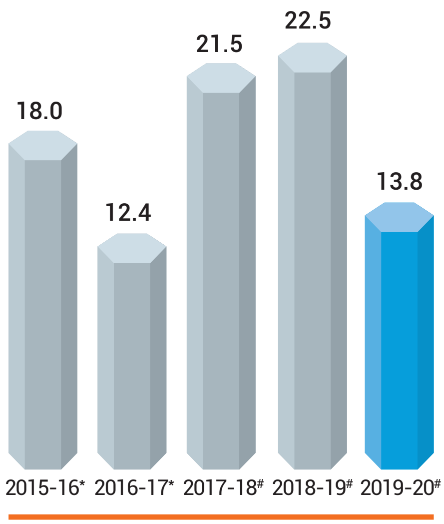
CAGR: **36%**

Loan Book
(₹ million)

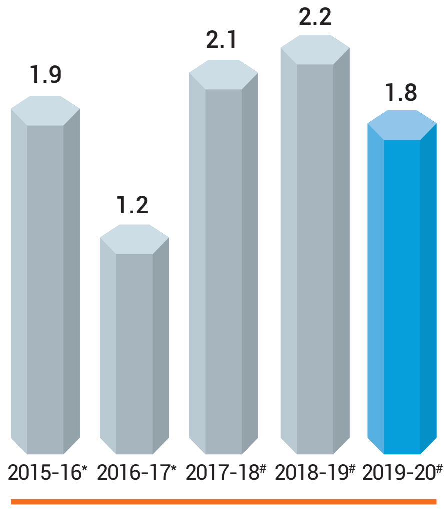


CAGR: **25%**

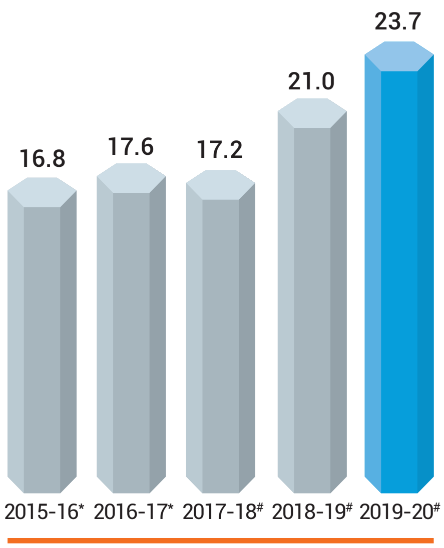
Return on Equity
(%)



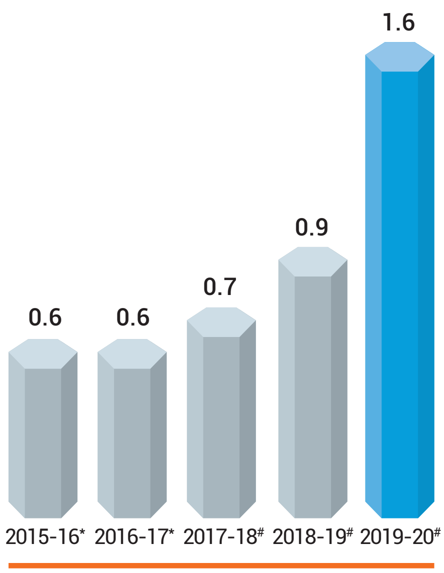
Return on Average Assets
(%)



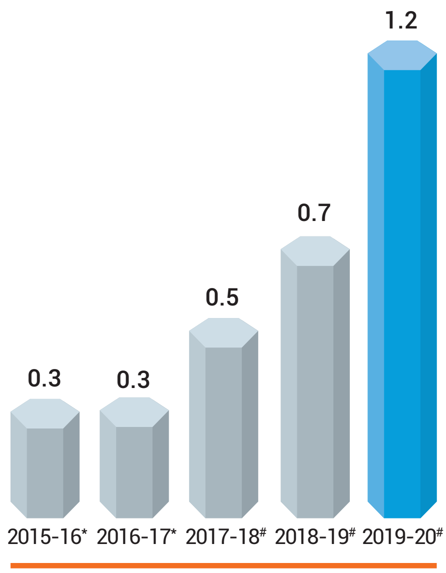
Capital Adequacy Ratio
(%)



Gross NPA*/Gross Stage 3#
(%)



Net NPA*/Net Stage 3#
(%)



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

Combating the Impact of COVID-19

The impact of the Covid-19 pandemic on individuals, families, businesses, societies and countries was large and widespread. As a response, the Governments across the world implemented emergency measures to curb the spread of the virus.

Our Response: The New Normal

At IIFL Home Finance, our focus is to keep our employees safe, our customers satisfied and to maintain our stakeholders trust. As a conscious organisation, we have always remained ahead of the curve by building a strong culture of technology enabled operations for better customer satisfaction. We implemented work from home, without any disruption to regular operations and customer services. With the gradual opening of the lockdown, we have suitably adapted to 'the new normal' and continue to deliver our best to our customers and all our stakeholders.

Our Initiatives

Our Work Mantra

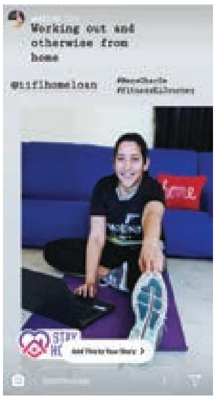
As the lockdown has been lifted, we have over 30% employees working from our branches and offices as per the Government guidelines. We ensured seamless delivery of our products and services through our virtual platforms, making it our new *Work Mantra*.

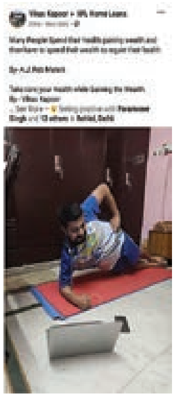
Staying Informed

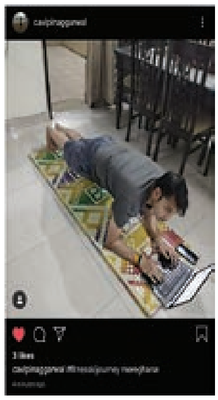
Staying informed is the centre of the node. We ensured that our employees, while working from home, remained updated with the latest useful materials and resources through our digital platforms. We introduced Moneyversity-online learning platform, self-development sessions, interesting engagement activities, workout sessions and townhalls, among others.

#MereGharSe Campaign

This campaign was designed to encourage people to live sustainably and to create sustainable communities. We aimed to create stronger bonds with customers by creating brand awareness and communicating with them regularly with #MereGharSe campaign on social media.







A Salute to Frontline Warriors

IIFL Home Loan reached out to its customers who are the frontline warriors during Covid-19, to hail their spirit for working 24x7 to keep the nation healthy and safe.

Relief Programme

Extended relief programme for migrant labourers at construction sites at four locations and conducted the following activities:

- **Distributed essential and personal care kits**
- **Educated about preventive measures against Covid-19**
- **Provided knowledge to women for maintaining hygiene**
- **Conducted game-based learning for children at site**

715

Lives impacted

Marketing Initiatives

Angikaar Campaign

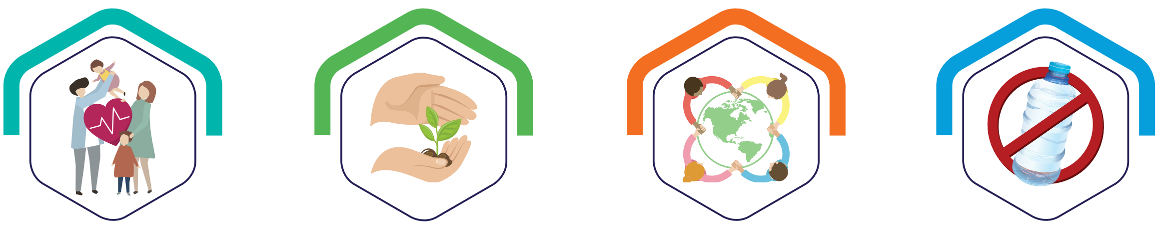
We supported the Government's Angikaar campaign for social behaviour change focusing on issues such as water & energy conservation, waste management, health, sanitation and hygiene for beneficiaries of PMAY (U) across different parts of India. As a part of this campaign, we undertook various health and awareness initiatives through community mobilisation.

40,000+
Lives touched

12
Locations

7
Channels

Taking Angikaar to CLSS Beneficiaries



Healthy Living

6,000+ reached

- Health talks, Yoga and Oral Care camps
- Social Media Engagement and Blogs

Go Green

1,200+
saplings planted

Cohesive Living

34,000+ educated

- Financial Literacy Camps
- Nukkad Nataks
- Email and SMS campaigns

Environment Protection

85 kgs
plastic collected from 12 residential societies in Ahmedabad

Home Loan Mela

We organised Home loan Mela across four different locations to reach out to our prospects in a much easier and faster manner. On-the-spot approval facility was offered on pre-approved projects to maximise the impact and optimise lead generation.

Bhavnagar Home Loan Mela

The Company organised a Home Loan Mela at Bhavnagar, Gujarat on the 71st Republic Day of India. The mela was targeted to extend the benefits of on-the-spot approval to the Bhavnagar Municipal Corporation (BMC) flat allottees. We also conducted various Information, Education and Communication (IEC) activities to spread awareness. A second phase of Bhavnagar Home Loan Mela was also organised to extend the benefits and enhance conversion rate.

2,300

Target Homes in Bhavnagar Home Loan Mela

Integrated Marketing Communication

- Hoardings and Banners
- SMS and Emailer to beneficiaries
- Awareness Camps
- Auto Announcement
- Newspaper Leaflets
- Loan Mela and Republic Day Celebrations
- Door to door communication about schemes and need assessment

Eco Lessons: Sustainable Living Campaign at Schools

We organised a campaign for school students to help them learn the importance of eco-friendly ways of living to conserve and protect the planet. Topics covered were recycling, waste management, minimising pollution, making school a greener place and pledge for sustainability.

6

Cities

14

Schools

4,500+

Students

Wall Painting

We continued to spearhead various brand awareness campaigns such as wall painting to increase impact and reach out to potential customers across tier II and tier III cities. The display makes customers aware of our affordable loan offerings which suits their credit needs. The campaign enabled us to connect with aspiring homeowners and make a difference to their lives.

6

Markets

30

Walls

Our Value-creating Business Model

As a role player in a socioeconomic ecosystem, we continue to create value that promotes positive outcomes for society, customers, planet and the organisation, by using our core strengths, prudent strategies and solid foundation.

INPUTS

Financial Capital

Our robust capital base (equity, debt) to leverage long-term opportunities and support business operations.

Service Capital

Our extensive network of branches, touch points and state-of-the-art infrastructure to serve customers.

Intellectual Capital

Our rich expertise, high-end tech-enabled platforms and efficient processes to drive product innovation and long-term sustainability.

Human Capital

Our competent and experienced workforce that enables us to deliver products and service responsibly with better customer experience.

Social and Relationship Capital

Our holistic value creation across communities and transparent long-term relationships with customers, partners and other stakeholders.

Natural Capital

Our prudent usage of natural resources and efforts to minimise impact on environment through sustainable business activities.

OUR BUSINESS GOAL

As a forward-looking organisation, we contribute towards an inclusive growth by nurturing the home buying aspirations of the underserved customer segment through our affordable home loan offerings.

OUR BUSINESS PROCESS

- Customer on-boarding
- Tech-enabled loan processing
- Real-time loan sanction decisioning
- Fulfilling customer needs
- Monitoring and collections

KEY COMPETENCIES

- Customer-first approach
- Customised product offerings
- Strong geographical footprint
- Advanced digital platforms
- Prudent credit assessment
- Ethical and transparent processes
- Skilled and experienced people

SUPPORTING SUSTAINABLE DEVELOPMENT GOALS (SDGs)

VALUE CREATED FOR THE STAKEHOLDERS

Investors

Growing sustainable returns on investment

PAT: ₹ 2,449 million

ROE: 13.8%

ROA: 1.8%

Customers

- Loans as per needs with better access to affordable home loans
- Innovative and secure digital platforms
- Seamless on-boarding journey and faster turnaround

Employees

- Performance-based recognition and reward
- Learning opportunities for career progression
- Progressive work environment with seamless collaboration and engagement
- Diverse and inclusive workforce with equal opportunity

Community

- Financial products and services with a positive social impact
- Access to affordable healthcare facilities
- Empowering the marginalised sections of the society through education initiatives
- Robust Environmental, Social and Governance practices to ensure a sustainable business

Government and Regulatory bodies

- Strong culture of governance, and ethical and transparent practices
- Adherence to relevant regulations and guidelines

Chairman's Message

“We emerged stronger with our robust business model, tech-enabled processes, a differentiated portfolio and talented workforce. Through our responsible growth strategy, we continuously created opportunities for the underserved customers by fulfilling their dreams and nurturing them every step of the way.”

Dear Shareholders,

The last few months have witnessed unexpected and unprecedented changes in the way we live and work owing to the Covid-19 pandemic. It has impacted societies and economies at their core. While the tough times are inevitable, I believe that the crisis is an opportunity in disguise and as the old saying goes should not be wasted.

Your company emerged stronger with our robust business model, tech-enabled processes, a differentiated asset portfolio and talented workforce. Our unwavering focus remained on keeping our employees and the communities that we operate in, safe and healthy. Through our responsible growth strategy, we continuously created opportunities for the underserved customers by fulfilling their dreams and nurturing them every step of the way.

The financial year 2019-20 was a period of turbulence. Subdued macroeconomic environment, financial sector liquidity crunch and slowdown in the infrastructure segment impacted the overall growth outlook. In addition, the lockdown disrupted economic activities across the country. The Government and the Reserve Bank of India (RBI) intervened to contain the economic impact of the virus by taking significant steps. Government announced immediate support for farmers, construction workers and migrant labourers—most impacted by the economic standstill. The RBI announced measures such as liquidity infusion through cash-reserve ratio cut, targeted long-term repo auction and more importantly allowing a three-month moratorium on all-term loans and working capital, later extended to six months.

On a positive side, farm sector emerged stronger on the back of robust output and prices. As per World Bank's Ease of Doing Business 2020 Report, India moved up by 14 positions to 63rd ranking in 2019, enhancing the country's competitiveness globally.

In real estate sector, lockdown impacted construction activities and disrupted sales. Liquidity tightness and lockdown affected loan disbursement and collections in the housing finance sector. However, Government's announcements like National Housing Bank (NHB) raising liquidity for Housing Finance Companies and approval of ₹ 25,000-crore alternate fund have all been a positive. Special focus on the housing sector in the Budget 2020 will ensure demand recovery in the housing finance sector. The Government's continued impetus on 'Housing for All' mission under the Pradhan Mantri Awas Yojana (PMAY) along with the subsidy benefits will make home loans more affordable for customers across the social spectrum.

Your organisation's philosophy is anchored around the vision of 'Complete Profitability' and Environmental, Social and Governance (ESG) framework with increased focus on sustainable growth. During the year, IIFL Home Finance continued its journey of providing home loans to the lower income segments of the society and help realise their biggest dream. Our robust systems and processes backed by sound governance, ethical and transparent practices and risk management resulted in superior asset quality. During the year 2019-20, our total revenue and net profit stood at ₹ 17,752 million and ₹ 2,449 million respectively. We effectively served our growing base of customers across length and breadth of the country by leveraging 2,377 touch points of the IIFL Group.

Driving financial inclusion has been in our DNA since our inception. Our key loan offerings, Swaraj Loan, help us fulfill the needs of the marginalised section in the best possible manner. We actively collaborated with various State Governments and State Housing Authorities in order to promote affordable housing. We helped empower over 38,300 customers with more than ₹ 9+ billion subsidy as on March 31, 2020, under the Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme (PMAY-CLSS).

Today, your company has digital capabilities that can transform experiences; improve connectivity and knowledge sharing. Our advanced technology adoption made 'Work from Home' a 'New Normal' during the lockdown. We successfully automated the credit underwriting process on the basis of analytics driven tools. With 'Jhatpat' app, the loan sanction process has been made much faster and easier. Our seamless on-boarding process and efficient end-to-end loan disbursement mechanism has enabled us to provide delightful and convenient customer service.

We endeavour to provide relevant skill development opportunities to our talent pool and have made continuous efforts to build an inclusive culture. Our responsive, industry focused, customer-centric workforce makes us deliver better offerings and customer satisfaction.

We supported Government's 'Angikaar' campaign for bringing social behaviour change for beneficiaries of completed homes under PMAY (U).

The Company supported affordable Green buildings structures through its initiative 'KUTUMB'. During the year, we introduced 'Green Value Partner' program to enable developers obtain a Green Building Certification. We always aim to operate responsibly and conduct business in a socially responsible manner. Our thoughts remained with the communities and individuals deeply hit by the Covid-19 outbreak. For migrant labourers at construction sites, we took an initiative by educating them on the precautionary measures and providing essentials and relief kits.

Looking ahead, we will continue to work towards enabling access to affordable credit to our customers by further enhancing our strengths and adopting newer digital platforms. As I conclude, I express my sincere gratitude to our shareholders, bankers, customers, Board of Directors and our committed employees. These are challenging and uncertain times, but we are confident that we can get through this together.

Best Wishes,

S. Sridhar
Chairman

From the CEO's Desk

As a fintech housing finance player, we are dedicated to make our customers' journey of owning a home as seamless as possible. Our future-ready technology system helped us continue the business activities smoothly even during the pandemic. With advanced analytical tools and automation, we have made credit underwriting, appraisal and collection processes faster and accurate.

Dear Shareholders,

The world today, is displaying an unprecedented environment. One of the greatest health threats has profoundly impacted the global economy and all of its citizens. However, as a responsible organisation, we have remained well-prepared to support our customers, people and communities across the country.

Our strong foundation with sustainable business practices, robust risk management and sound governance has helped us seamlessly navigate headwinds during the tough times. We remained future-focused by nurturing the hopes of millions of home aspirants with our affordable home loan offerings and digitised platforms.

The year 2019-20 witnessed various macro-economic headwinds owing to subdued private consumption, lower investments and demand weakness across manufacturing, construction, and real estate sectors. The lingering effects of earlier policy measures, increasing inflation, liquidity challenges in the Non-Banking Financial Services (NBFC) sector, coupled with decline in credit growth further slowed down the overall momentum of the economy. As a result, the GDP growth in FY 2019-20 came down to 4.2% as compared to 6.1% in FY 2018-19.

The Government continued announcing several measures to revive the demand. It included capital infusion into public sector banks to generate additional lending capacity and liquidity, easing FDI rules, corporate tax rate cut and income tax rate cut, among others. The Government also encouraged the real estate sector by announcing last-mile funding for about 1,600 stalled projects at different stages and increasing income tax exemption on housing loans for affordable housing. Further the 'National Infrastructure Pipeline' gave the right direction to spur economic activities.

The first half of CY 2020 was dominated by the unexpected pandemic and the consequent lockdown. As a result, the country experienced muted demand and almost stagnant economic activities during the various phases of the lockdown. The housing finance sector also faced liquidity constraints and reduced disbursements. The Government along with the RBI intervened and announced important reforms and economic packages to revive the economic slowdown.

Amid the crisis, we remained resilient underpinned by our strong business model, future-centric strategies and robust technology architecture. Moreover, we are optimistic that the Government's continuous thrust on affordable housing along with rising disposable income, increase in nuclear families and fiscal incentives on housing loans will catalyse demand in Tier II and III cities in the coming future.

With our shared vision of 'Complete Profitability', and fair and transparent policies, we strive to create a secured future for our customers across the country. Despite the challenging scenario, we reported a total loan assets under management of ₹ 184,947 million. The Company benefited 28,900+ customers till date through Swaraj Home Loans, which caters to the needs of informal segment of the society. While we fulfilled the credit needs of small and medium enterprises through our Samman Loan against Property. During the year, the Company has been able to securitise and assign ₹ 28,101 million worth of assets. This is a testimony to our strong credit approval capabilities and robust portfolio quality.

We are focused to play our part in driving financial inclusion by reaching more customers in the tier II tier III cities backed by IIFL Group's widespread network of 2,377 touch points across the country. We are the preferred housing finance partner for several State Governments and prominent State authorities. Under the Pradhan Mantri Awas Yojana - Credit Linked Subsidy Scheme (PMAY-CLSS), we helped over 38,300 customers avail subsidy benefits worth ₹ 9+ billion. During the year, we also raised ₹ 7,000 million as refinance from National Housing Bank.

As a fintech housing finance player, we are dedicated to make our customers' journey of owning a home as seamless as possible. Our future-ready technology system helped us continue the business activities smoothly even during the pandemic. With advanced analytical tools and automation, we have made credit underwriting, appraisal and collection processes faster and accurate. Our 'Jhatpat' mobile application ensures sanction decisioning within 45 mins. Besides, instant KYC validation, E-signing and easy loan on-boarding has improved efficiency and enhanced customer experience.

The Company is relentlessly building competencies to provide a rewarding career to its employees. Their dedication and tenacity enabled us to continue to serve our customers and the broader societies through a difficult time. As we make the changes to build a stronger foundation for the Company, we continue to recognise and act upon the broader role we play in our communities. We initiated 'Covid-19 response' relief programme by distributing essentials and personal care kits to migrant workers and their families at construction sites and also educated them about the preventive measures.

We are committed to create a sustainable impact through Environmental, Social and Governance (ESG) initiatives in line with four Sustainable Development Goals (SDGs) out of the 17 SDGs by the United Nations. Through 'KUTUMB-an Initiative towards Green Affordable Housing', we aim to create sustainable green projects. We started a pioneering initiative namely, 'Green Value Partner' to assist the developers with the process of Green Building Certification. The Company also conducted awareness campaigns to support Government's 'Angikaar' initiative focusing on social behaviour change for beneficiaries of homes under PMAY (U).

As a sustainable organisation with wide footprint and tailored offerings, I believe IIFL Home Finance is well positioned to deliver the purpose of nurturing home buying aspiration of its customers. I would like to thank my fellow Board members for their wise and invaluable counsel in an increasingly complex environment. On behalf of us all at IIFL Home Finance, I thank our employees, customers, shareholders and stakeholders for their continued faith in our actions. As always, we remain committed to meeting their expectations and creating more value.

Regards,

Monu Ratra
Chief Executive Officer (CEO)

Nurturing a Better Future

Best-in-class Offerings

Customers are at the heart of our business strategy. We aim to create long-term value for our large customer base in a sustainable and responsible manner.

At IIFL Home Finance, we listen to our customers' requirements, educate and advise the right solution to meet their needs. Our deep understanding of the needs of the economically weaker section (EWS), lower and middle income segment, along with our strong capabilities, enable us to fulfill their dreams of buying a home.

Fostering Financial Inclusion

The Government's PMAY scheme presents a tremendous opportunity for home finance players in the country. Aligned with the 'Housing for All' mission, we remain committed to playing our role in the country's progress by bringing the 'financially excluded', especially women, inside the perimeter of mainstream economy. Our goal is being achieved through relevant and tailor-made low-ticket sized loans such as Swaraj and Samman Loans at affordable interest rates to enable first-time homebuyers own their dream home.

Swaraj Loans

Swaraj Home Loans caters first-time home buyers with informal income documentation by providing loans at affordable interest rates. With an average ticket size of ₹ 1.3 million to first time home buyers in the underserved segment of the society, Swaraj Home Loan also presents an attractive proposition in the form of Credit Linked Subsidy Scheme (CLSS) benefits.

₹ 9.4 billion

Swaraj Home Loans Disbursed

28,900+

Swaraj Customers till date

Swaraj Home Loan Customers with Credit Linked Subsidy (under PMAY)

13,500+

No. of Beneficiary Families

₹ 3.15+ billion

CLSS Subsidy Disbursed

Creating a Bigger Impact Together

- Supported Government in design and development of CLAP (CLSS Awas Portal; a tracking system for beneficiaries to track their loan application) through innovative ideas
- One of the preferred home finance company for Rajiv Gandhi Rural Housing Corp Limited, Karnataka and Haryana Housing Board
- Strengthened relationship with Andhra Pradesh Township & Infrastructure Development Corporation Limited, Gujarat Housing Authorities and approved affordable housing builders under Chief Minister Jan Awas Yojana in Rajasthan
- Availed NHB Refinance of ₹ 7,000 million in March 2020, with a cumulative refinance of ₹ 25,250 million till March 31, 2020

38,300+

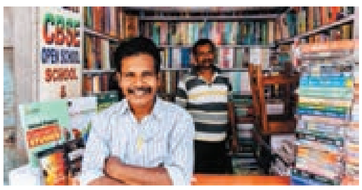
Total beneficiaries facilitated with PMAY Subsidy through IIFL Home Loan

₹ 9+ billion

Total subsidy under PMAY(U) through IIFL Home Loan

Samman Loans

Samman loans are exclusively offered to MSMEs and small business owners to safeguard them against unorganised lending at exorbitant interest rates. The maximum loan offered extends upto ₹ 3.5 million with flexible repayment options.



IIFL HOME LOAN

Nurturing Technology Architecture

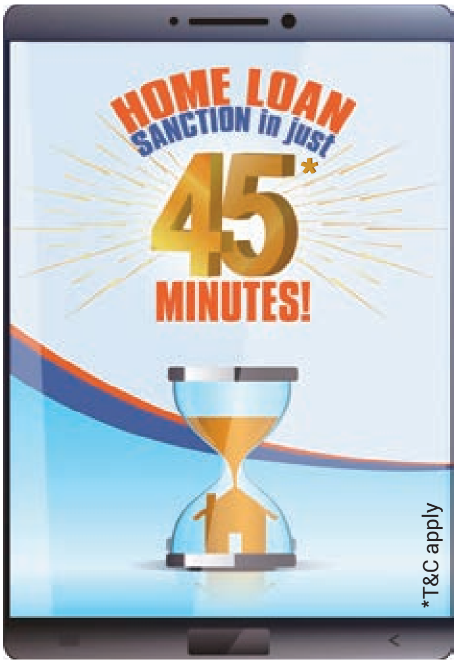
Building Scalable and Digital Processes across Business Facets

Amid a radical technology landscape with changing customer preferences, we have built an integrated tech-empowered organisation, underpinned by advanced platforms.

Our digital strategy is aligned with the organisation's culture of customer-centricity and 'Complete Profitability' with an equal focus on People, Organisation, Society and Environment. With strong digital capabilities and efficient processes across business functions, we ensure superior customer experience, enhanced transparency and sustained growth.

Our Technology Initiatives to Enhance Customer Experience

- Jhatpat, a real-time customer on-boarding and credit sanctioning application has transformed the landscape of lending for home loans. The application processes home loans with faster loan sanction decisioning within 45 minutes. It has been now extended to Direct Selling Agents and builders as well.
- Our approved projects system, integrated with the loan origination system, enables same day loan sanction for the approved projects.
- Our partnership with various Fintech vendors allow instant KYC validation, banking statement analysis, ITR and organisation details validations. We have also added E-signing and E-NACH capabilities.



Robust Collection Strategy

- Robust collection process with structured guidelines and digital tools
- Dedicated CRM platform for tele-calling supported by digital payment channels
- Mobile app for field collection team with integrated receipt functionality
- Partnership with cash drop solutions for enhanced collection reach
- Dedicated application used for collection legal team to track cases and issue notice

Sound Credit Underwriting Mechanism

We have in place a complete paperless credit underwriting mechanism that includes analysis of KYCs, income documents, credit history, business set-up and profile of the customer. The decision making process is fully automated with the help of business rule engine. In addition, latest digital platforms ensure adequate quality checks.

Growing Together with Our Competent Team

We truly believe that the passion and efforts of our employees drive responsible growth and greater customer satisfaction. We continuously invest in providing them better opportunities with a diverse and inclusive workplace.

At IIFL Home Finance, we have built a culture in which all the employees feel equal, respected and inspired to contribute towards a shared vision. With special focus on building a sustainable work environment, we regularly conduct skill development training and employee engagement programs. This enables us to improve productivity and deliver accessible financial products and service to the underserved segment of the society.

We have been constantly nurturing the passion of our people through evolving policies, processes and interventions. Some of the initiatives we undertook during the year include:

- Introduced mobile app for learning, wellness and integration of our AI chatbot with inhouse business apps which helped employees remain aware of policy changes, learn new skills, invest time in well-being and voice their opinion
- With the vision of ‘Complete Profitability – an ESG initiative’, our people have been creating impactful changes by minimising usage of plastic, reducing carbon footprints, avoiding printing papers, organising donation and plantation drives, among others
- Our agile workforce seamlessly adapted the new work environment and processes as a part of the new normal post the COVID-19 outbreak

270+

Employee engagement interventions throughout the year

2,131

Workforce



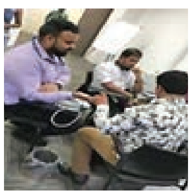












Environmental, Social and Governance Initiatives

A responsible business strategy is integral to sustainable growth and that of the customers, stakeholders and communities we serve.

Environmental, Social and Governance (ESG) is embedded in our ecosystem and shapes the way we conduct business, develop products and services and deliver on our goals. We follow the best business practices in the communities in which we operate and efficiently manage our business to be accountable to stakeholders.

Integrating UN Global Sustainable Development Goals in Our Strategy

As we aim for 'Complete Profitability' and continue our journey of growth, we intend to integrate our vision with various ESG initiatives and four specific SDGs that enable us to work towards the collective growth of all stakeholders.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- **92,280+** loans to first-time home buyers
- **78,860+** affordable housing units funded across India through home loans
- Greater access to finance in **Tier 2 & suburban markets** using fintech solutions
- End-to-end support and no cost consultation on green building methodologies via our **Green Value Partner Model**

10 REDUCED INEQUALITIES

- **25,800+** loans to informal income segment
- **59,200+** loans disbursed to women owners/co-owners
- Learning centre cum crèche facilities for **100+ families** of construction workers
- AI chatbot for **transparency & engagement** between employees and senior management
- Introduction of **paternity leaves**

11 SUSTAINABLE CITIES AND COMMUNITIES

- Facilitated **38,300+** families with over **₹ 9+ billion of Credit Linked Subsidy**
- **7,500+** approved affordable housing projects
- **3,500+** home loans disbursed in backward markets/ locations
- Collaborating with various State Governments to advocate housing finance for economically weaker section

13 CLIMATE ACTION

- Construction of **2,000+ green dwelling units**
- **1,159 tonnes/year** of reduction in CO_2 emission
- **59,130 kilolitres/year** water savings
- **75-80%** diversion of waste to landfill
- **600+** participants, **430+** developers and **36+** experts engaged through **Kutumb**

ESG Framework

During the year, the Company formed a unified enterprise ESG framework, for which an in-house ESG team was set up to methodically execute, track and report its ESG performance. To ensure a full-fledged dissemination of the ESG policies and practices, the Company also conducted training sessions at eight locations in India for all its departments.

Environmental Initiatives

We are conscious of our responsibility towards the environment and are judicious in natural resource utilisation. Our Company has launched various initiatives to reduce environmental impact caused by construction activities.

Kutumb: Promoting Green Affordable Housing

An initiative towards green affordable housing that collaborates with all stakeholders of green and affordable housing in India and encourages them to move from conventional to sustainable methods of housing development.

Through our various Kutumb events organised during the year, we brought together leading industry professionals in real estate, green and sustainable infrastructure sector.

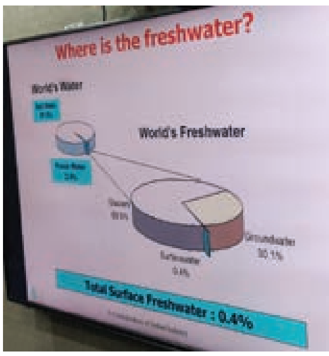
600+ participants,
430+ developers and
36+ experts engaged

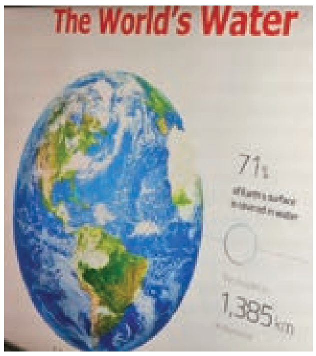
Green Value Partner: Our Inhouse Technical Expertise

The concept of Green Building Certification has continuously influenced the building construction sector in the country owing to sustainable benefits. However, multiple approvals required to obtain a Green Certification, created a knowledge and awareness gap for developers.

IIFL Home Finance established a mechanism in the form of Green Value Partner (GVP) to provide assistance (handholding) to the developers by partnering with them throughout the project life cycle and ensure successful achievement of Green Building Certification. We have an expert inhouse technical team for accomplishment of the GVP objectives across the country.

GREEN VALUE PARTNER
CONCEPTION TO CERTIFICATION





Green Certification Stages

- Initial assessment report
- Project Registration
- Engagement of Green Consultant
- Pre-Certification
- Project Monitoring
- Final Certification

Angikaar: A Campaign for Behavioural Change Management

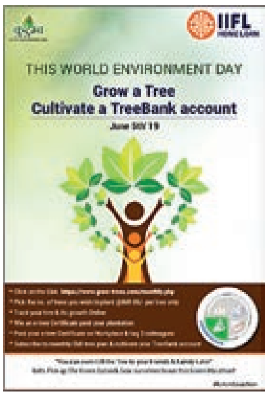
Angikaar is an awareness campaign for social behaviour change focusing on issues such as water and energy conservation, waste management, health, sanitation and hygiene for beneficiaries of completed houses under PMAY (U) through community mobilisation. IIFL Home Loans, in its endeavour to spread awareness about the Angikaar Campaign and support Ministry of Housing and Urban Affairs (MoHUA), conducted various activities across the country throughout the year.

Angikaar Components

- Environment Protection
- Segregation of Waste
- Water Conservation
- Healthy Living
- Go Green, Plant Trees
- Cohesive Living
- Smoke-Free Kitchen
- Energy Conservation

40,000+
Lives Touched

12+
Locations Covered on-ground



Social Impact

By combining our resources and expertise with scale of operations, the Company creates responsible and inclusive economic growth. We design our products to fulfill customers' financial needs along with promoting environmental and social compliance. We promote women empowerment through our efforts to facilitate Credit Linked Subsidy benefits under the PMAY (U) where it is mandatory to have at least one woman member registered as the owner/co-owner of the new home. Our product such as 'Swaraj' loans cater to the needs of first-time home buyers from varied socio-economic backgrounds. While 'Samman' loans fulfill the credit needs of small traders and help drive financial inclusion across the country.

As a responsible corporate, we constantly empower women and foster employee welfare through initiatives like paternity leave policy and crèche services. During the year, we also introduced ESG employee engagement exercises to stimulate a workforce with environmentally and socially driven mind-sets.

The Company also undertook several initiatives for community welfare including focused programmes for enhancing girl child education, financial literacy among construction workers and their families, and tribal development, among others, through the CSR arm of the IIFL Group.

Robust Governance Framework

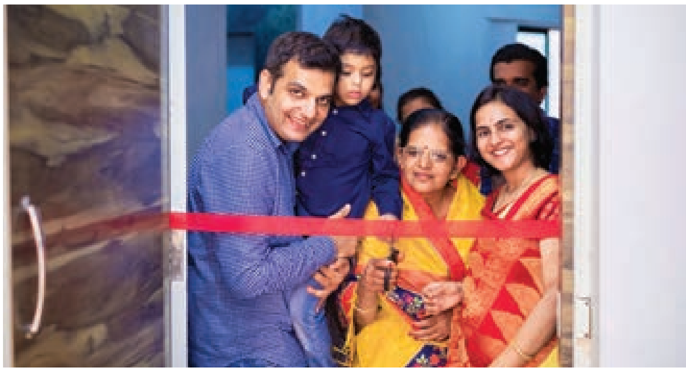
We have a sound and robust governance structures, with clear roles and responsibilities. Our ethical business operations are supported by detailed policies and procedures on anti-corruption, anti-bribery, stringent data protection and customer privacy norms among other policies. We conduct regular training with our employees on the aforesaid governance policies. Our emphasis remains on developing sturdy systems and processes that enable a thorough risk assessment based on environmental, social and governance parameters, beyond the compliance requirements, and at the same time adopting the best business practices.

Creating a Positive Social Impact

Our success is interlinked with the wellbeing of the societies in which we operate. As one of the leading housing finance companies, we understand our responsibility to leaving a positive impact on the communities.

Fulfilling the Dreams of First-time Home Buyers

Our country still has a huge share of economically active urban and rural poor, who need financial support to realise their dream of owning a home, but cannot approach formal channels of finance. Our key home loan product 'Swaraj' Loan caters to such people across the social pyramid, mainly belonging to the underserved sections in Tier-1 and Tier-II cities. We fulfill the needs of these first-time home buyers by enabling them the freedom from strict income documentation and by providing loans at affordable interest rates.



Empowering Women through CLSS

The credit linked subsidy scheme (CLSS) under PMAY (U) requires the home to be compulsorily owned or co-owned by a woman member of the family. Aligned with the Government's vision of women empowerment through CLSS, we facilitate our customers with subsidy benefits and inspire women to build better lives for themselves and their families.

Securing the Future of Small Business Owners

Through our 'Samman' loan offering, we strive to uplift the lives of small traders and businesses by helping them expand their businesses and meet other personal or professional needs. It is a tailor-made product to meet the financial needs of small set-up owners including a grocery store, mobile store, restaurant among others, against mortgage of immovable property,

Driving Social Behaviour Change through 'Angikaar' Campaign

The Company has actively contributed towards Government's Initiative - Angikaar which is an awareness campaign for social behaviour change, water & energy conservation, waste management, health, sanitation and hygiene for beneficiaries of completed houses under PMAY (U) through community mobilisation. We impacted over 40,000 lives across 12 cities through our awareness campaigns.

‘Sakhiyon ki Baadi’

Through its flagship initiative ‘Sakhiyon ki Baadi’, IIFL Foundation provides quality education to thousands of underprivileged children, with a special focus on the girl child. We have enabled educational development by setting up schools in many districts of South Rajasthan including tribal districts of Rajsamand and Udaipur. During FY2019-20, IIFL Foundation expanded its operations with establishment of 30 new Sakhiyon Ki Baadi centres at Pali District

35,964

Girls benefited

Mission ‘Chouras’

IIFL Foundation conducts learning sessions through mission ‘Chouras’ for children of construction workers who lack access to basic education. Managed by well-trained teachers, Chouras also takes care of the basic nutritional needs of the children. During the year, a health check-up camp was organised at one of the centres, where 92 children underwent health check-ups.

Nukkad Natak

The Company promoted awareness on ‘Child Rights’ through interesting interactive programs such as Baal Samvaad (a dialogue) & Nukkad Natak (skit)

Self-Defence Training

IIFL Foundation introduced sessions on ‘Self-Defence Training’ for the teachers at our community centres administered by trained professionals. Over 1,000 women and 28,000 younger girls, across nine districts of Rajasthan, were trained in self-defence techniques.

Rathshala

IIFL Foundation’s unique initiative Rathshala helps educate the upcoming generation of the Rebaris – pastoral nomads from the Sirohi district. With two Rathshalas in operation, overall more than 200 families have been benefited through this novel initiative.

Health Initiatives

IIFL Foundation organised a dental checkup camp offering free consultation to the community members. It also organised a Blood Donation Drive in Mumbai, Nasik, Aurangabad and Nagpur, which witnessed good participation from the employees.

Awards & Accolades

'Best Company of the Year' in Affordable Housing by DNA in November 2019

'Best Green & Sustainable Initiative in Affordable Housing' by ZEE Business in September 2019

'Best Affordable Housing Finance Company of the Year' by ET Now in February 2020

'Technology Initiative of the Year; Jhatpat Home Loans' by ABP News in November 2019

Award for **'Social Media Marketing'** by ET Now in December 2019

'Best Housing Finance Company of the Year' by ET NOW in February 2020

'Developing Sustainable Strategies' by ET Now in February 2020

Board of Directors

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 45 years culminating as the Chairman of NHB and Central Bank of India. In his stint as Chairman and Managing Director of the NHB, he was responsible for a number of new initiatives such as the NHB Residex, Rural Housing Fund and Reverse Mortgage for senior citizens. Prior to this, he was associated with Export Import Bank of India as Executive Director as well as State Bank of India in the early part of his career.

Mr. Nirmal Jain (Non-Executive Director)

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

Mr. R. Venkataraman (Non-Executive Director)

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

Mr. 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.

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

Mr. Monu Ratra is a Graduate of Architecture and MBA with over 18 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.

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 mid market corporates, among others. She is also Advisor for Fullerton India Credit Company Limited. 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 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. Ms. Chakraborty has 29 years of experience in banking and financial sector with exposure in a diverse set of businesses. She has featured in the Fortune India List of 50 most powerful women in business.

Mr. Sumit Bali (Non-Executive Director)

Mr. Sumit Bali is the Chief Executive Officer of IIFL 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 Limited (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 29 years in the Indian corporate sector.

Mr. A. K. Purwar (Independent Director)

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

Directors' Report

Financial Year 2019-20

Dear Members,

Your Directors have pleasure in presenting fourteenth Annual Report of your Company with the Audited Financial Statements for the financial year ended March 31, 2020.

1) FINANCIAL PERFORMANCE

(₹ in Million)

Particulars	2019-20	2018-19
Gross Total Income	**17,751.94**	**18,277.78**
Less: Expenditure	14,447.54	13,783.87
Profit before exceptional items and tax	**3,304.40**	**4,493.91**
Exceptional item	15.04	-
Profit after exceptional items and before tax	3,289.36	4,493.91
Less: Taxation	840.14	1,429.98
Net Profit after Tax	**2,449.22**	**3,063.93**

2) REVIEW OF BUSINESS

During the year under review, your Company's total income amounted to ₹ 17,751.94 million. Profit before tax and exceptional items stood at ₹ 3,304.40 million. Profit after tax stood at ₹ 2,449.22 million. During the year ended March 31, 2020, Assets Under Management (AUM) of the Company has grown by 2% y-o-y to ₹ 1,84,947 million. At the segment level, there is moderate growth in the home loan and LAP segments whereas the real estate segment has de-grown y-o-y. Loan book has de-grown by 4% y-o-y to ₹ 128,139.6 million as on March 31, 2020. Loan Book has de-grown in comparison to AUM growth due to high assignment of portfolio during the year.

3) OUTLOOK

The Covid-19 pandemic has disrupted global economy and created unprecedented challenges. Economic activity in India was down to a standstill owing to the nation-wide lockdown in India from March 25, 2020. The housing finance industry was severely impacted with disruption in collections, moratorium to customers, challenges in raising funds and Banks not granting moratorium, adversely affecting our business performance in the last quarter of the financial year.

During the lockdown, the Company migrated to a 100% work from home scenario and all business operations continued to run smoothly. However, both disbursements and physical collections were adversely impacted due to branches being closed during the lockdown period. Taking cognizance of the scenario the Company made an additional provision of ₹ 536.64 million for any potential COVID related impact on asset quality.

We expect, as the lockdown starts to lift, and as stimulus measures announced by Government of India and Reserve Bank of India will start reaching end-customers, economic recovery will commence. The housing finance industry remains an important functionary in housing finance sector and eventually to the economic ecosystem.

4) IMPACT OF COVID -19 PANDEMIC

The detailed disclosure on the material impact of Covid–19 pandemic on the Company is forming part of the Financial Statements of the Company. You may refer to Note no. 7.1 of the Financial Statements for the same.

5) RESOURCE MOBILISATION

Non Convertible Debentures (NCDs)

During the year under review, the Company issued Secured Redeemable Non Convertible Debentures aggregating to an amount of ₹ 3,000 million and did not issue Unsecured Redeemable Non Convertible Subordinated Debentures. Further, the Company redeemed /Bought Back Non Convertible Debentures of amounting to ₹ 4,438.5 million, issued on private placement basis. Further, the Company also redeemed NCDs issued to the public aggregating to an amount of ₹ 1,977.9 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, 2020, 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 ₹ 21,010.53 million and non housing loan portfolio aggregating to ₹ 7,090.08 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 ₹ 7,000 million of refinance facility from NHB under various refinance schemes of NHB. Further, the Company raised funds by way of borrowing from term loans, issuance of Commercial paper and other sources. As on March 31, 2020, total loan outstanding stands at ₹ 1,13,195.52 million.

6) DIVIDEND

During the year under review, your Directors has recommended interim dividend of ₹ 15 per share to shareholders. Total outgo (ex-Dividend Distribution Tax) towards payment of Dividend is ₹ 314.52 million and towards Dividend Distribution Tax ₹ 64.65 million. Your Directors recommend that the said interim dividend be considered as final.

7) TRANSFER TO RESERVES

Pursuant to section 29C of the National Housing Bank Act, 1987 the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. During the year under review, the Company transferred ₹ 493 million (20% of Net Profit for the year) to Special Reserve. As on March 31, 2020, the said Reserves stood at ₹ 2,068.70 million. During the year under review, the Company also transferred total outstanding amount of ₹ 500 million in DRR to General Reserves. The Balance is General Reserves stood at ₹ 1,438.60 million.

8) SHARE CAPITAL OF THE COMPANY

Authorised Share Capital

As on March 31, 2020, Authorised Share Capital of the Company was ₹ 1,720,000,000 (Rupees one hundred and seventy two crore only) divided into 1,52,000,000 (Fifteen crore and twenty lakh) Equity Shares of ₹ 10 (Rupees ten only) each and 20,000,000 (Two crore) Preference Shares of ₹10 (Rupees ten only) each.

Paid-up Share Capital

During the year under review, the Company has not issued Equity Shares as it considers capital base of the Company is adequate to meet statutory and business requirements of the Company. As on March 31, 2020, paid up share capital of the Company stands at ₹ 209.68 million.

9) 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.

10) INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal controls with reference to financial statements and operations and the same are operating effectively. The Internal Auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Further, Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively as at March 31, 2020.

11) VIGIL MECHANISM

In Compliance with the provisions of Section 177(9) of the Companies Act, 2013, read with the rules made there under, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy also provides for adequate safeguard against 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/sites/default/files/vigilance_policy_0.pdf

Directors' Report

Financial Year 2019-20 (Contd.)

12) CREDIT RATINGS

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

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

13) IIFL FINANCE LIMITED IS HOLDING COMPANY

India Infoline Finance Limited, holding company of the Company merged with IIFL Finance Limited (the ultimate holding company) with effect from March 30, 2020. Therefore, the Company became wholly owned subsidiary of IIFL Finance Limited.

14) RISK MANAGEMENT

The Company has a defined Risk Management Strategy and a Framework which is designed to identify, measure, monitor and mitigate various risks. A Board approved Risk Management Policy has been put in place to establish appropriate systems or procedures to mitigate all material risks faced by the Company.

The Company is exposed to different types of risks emanating from both internal and external sources. The Company has in place a Risk Management team, whose job is to identify, analyze and take measures to mitigate risks faced by the Company. The team is guided by the Company's Risk Management Committee and the Senior Management to develop and implement Risk Assurance practices on a pan-organisational basis. The risk management framework institutionalised in the Company is supported by a "Three Lines of Defense" approach. Business function acts as first line of defense, control functions like Risk Management and Compliance act as second line of defense and the Internal Audit acts as third line.

15) ANNUAL EVALUATION OF THE BOARD

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 based out of the criteria and framework adopted by the Board.

The Board considered and discussed the inputs received from the Directors. Also, the Independent Directors at their meeting held on March 30, 2020 reviewed the following:

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

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

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

16) DIRECTORS AND KEY MANAGERIAL PERSONNEL

Independent Directors

During the year under review, the Board appointed Mr. Arun Kumar Purwar as an Additional Independent Director for a period of 5 years, subject to approval of shareholders with effect from August 22, 2019. Shareholders at their extraordinary general meeting (EGM) held on September 27, 2019 appointed Mr. Arun Kumar Purwar as an Independent Director for 5 years with effect from his appointment as an Additional Independent Director by the Board i.e. August 22, 2019.

Non-Executive Directors

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

Key Managerial Personnel

Mr. Monu Ratra, Executive Director & 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.

17) 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 fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Director.

18) AUDITORS

M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm's Registration No. 117366W/W-100018) was appointed as Statutory Auditors of the Company by the shareholders of the Company at the 11th 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.

However, Deloitte vide its letter dated June 07, 2020, resigned as the Statutory Auditors of the Company since the audit fees is not commensurate to the efforts that they would be incurring to conduct an audit for the Financial Year 2020-21 in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013.

Based on the recommendations of the Audit Committee, the Board of Directors of the Company, at its meeting held on June 07, 2020, noted and accepted the resignation of Deloitte. The Board also placed on record its appreciation to Deloitte for their contribution to the Company with their audit processes and standards of auditing.

In this regard, after obtaining their consent and eligibility certificate under Section 139(1) of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on June 07, 2020 appointed M/s MP Chitale & Co. Chartered Accountants (ICAI FRN: 101851W), Mumbai as the Statutory Auditors of the Company under Section 139(8)(i) of the Companies Act, 2013, to fill the casual vacancy consequent to the resignation of Deloitte.

As required by Section 139(8)(i) of the Companies Act, 2013, the appointment is also to be ratified and approved at a general meeting of the Company. Accordingly, the Board of Directors recommends the said appointment for the ratification and approval of shareholders at the ensuing AGM of the Company.

Further, the Board, on the recommendation of the Audit Committee and subject to the approval of the shareholders, approved appointment of M/s MP Chitale & Co. Chartered Accountants (ICAI FRN: 101851W), Mumbai as the Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of the ensuing 14th AGM till the conclusion of the 19th AGM to be held in the year 2025 at such remuneration plus out of pocket expenses and applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

Appropriate resolution seeking Members' approval for the appointment of M/s MP Chitale & Co. Chartered Accountants as the Statutory Auditors of the Company is appearing in the Notice convening the ensuing AGM of the Company.

The Audit for FY 2019-20 was conducted by Deloitte and there are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditor in their Audit Report. The Notes to the financial statements referred in the Auditors Report are self-explanatory and therefore do not call for any comments under Section 134 of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in the Annual Report.

19) 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.

20) 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.

Directors' Report

Financial Year 2019-20 (Contd.)

Your Company has been maintaining capital adequacy as prescribed by the NHB. The Capital adequacy was 23.71% (as against 12% prescribed by the NHB) as on March 31, 2020.

NHB conducted inspection of books of accounts and records of the Company for the year ended March 31, 2018 and 2019. In the report, there was no material adverse remark which is having material impact on the financials of the Company. The Company submitted its replies to the NHB observations and there has been no further communication from NHB in this connection.

21) 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/sites/default/files/remuneration-policy.pdf.

22) 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.

23) CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

25) PARTICULARS OF EMPLOYEE

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

26) 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.

27) SECRETARIAL STANDARDS

The Board confirms that the Company complied with all applicable mandatory Secretarial Standards for the financial year 2019-20.

28) 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

29) 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, 2020 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.

30) 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.

31) 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 guarantees have not been provided in this report.

As regards investments made by the Company, the details of the same are provided under Notes No. 8 forming part of the Audited Financial Statements for the year ended March 31, 2020.

Directors' Report

Financial Year 2019-20 (Contd.)

32) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the financial year were in ordinary course of the business of the Company and were on Arm's Length basis. No contracts/ arrangements have been entered into by the Company with its Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company. Since all related parties transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. The transactions with related parties are disclosed in the Notes to Accounts in the standalone financial statements of the Company for the year ended March 31, 2020.

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

Conservation of energy

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

- Installation of capacitors to save power;
- 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 it a competitive edge and business scalability. 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:

- Jhatpat loan applications have now been extended to other group companies as well as Direct Selling Agents for an efficient sourcing and on-boarding process.
- Company has integrated the property management system with loan origination system, bringing down the turnaround time of 24 hours to real time. With the inventory details available, this will also have an impact on the credit cost saving.
- For Collections company has partnered up with Airtel for increasing the number of collection centre points exponentially through integration.
- Company has updated the Jhatpat process flow with more inclusion of branch level credit team to include localised transition knowledge and commercial finalisation. This has reduced turnaround time and led to higher productivity for both central and branch level credit teams.
- Company has partnered up with Saverisk and Finfort for real time detailed MCA information on organisations and validated ITRs respectively.
- Collection App has now been extended to our branch level customer care managers for branch walk-in collections, digitizing our collection process end to end
- Company has also partnered with Cubic tree for systematic processing of legal collections.
- The Company has also enhanced legal verification by bifurcating the process into search report to reduce cost and increase productivity through TAT reduction.

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

Foreign Exchange earnings: - Nil

Outgo- ₹ 0.23 million for procurement of software (previous year: 4.34 million on account of Advertisement and other expense)

34) 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 these 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.

35) 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 was any pending at the commencement or end of the year.

36) 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**

37) 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: June 7, 2020	Date: June 7, 2020
Place: Gurugram	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

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	96.21%

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	IIFL Finance Limited	L67100MH1995PLC093797	Holding	100%	Section 2 (46) of Companies Act, 2013

India Infoline Finance Limited (CIN: U67120MH2004PLC147365), holding company of the Company merged with IIFL Finance Limited (the ultimate holding company) with effect from March 30, 2020. Therefore, the Company became wholly owned subsidiary of IIFL Finance Limited.

Annexure (I) (Contd.)

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	20,967,581	600*	20,968,181	100	20,967,581	600*	20,968,181	100	Nil
d.	Banks/ FIS	-	-	-	-	-	-	-	-	-
e.	Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)										
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)		**20,967,581**	**600***	**20,968,181**	**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)		**20,967,581**	**600***	**20,968,181**	**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 IIFL 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	IIFL Finance Limited	20,968,181*	100	-	20,968,181*	100	-	Nil

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

iii. Change in Promoters' Shareholding: Nil

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Company is wholly owned subsidiary of IIFL 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 - Director	-	-	-	-
6	Mr. Arun Kumar Purwar- Director	-	-	-	-
7	Mr. Sumit Bali- Director	-	-	-	-
8	Mr. Monu Ratra- ED & CEO*	100	Negligible	100	Negligible
9	Mr. Ajay Jaiswal- Company Secretary	-	-	-	-
10	Mr. Amit Kumar Gupta – Chief Financial Officer*	100	Negligible	100	Negligible

*As a nominee of IIFL Finance Limited.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued 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	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.)

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Change in Indebtedness during the financial year				
Additions / (Reduction)				
i. Principal Amount	7,677.47	(8,021.44)	-	(343.97)
ii. Interest Due but not paid	-	-	-	-
iii. Interest Accrued but not due	732.94	(113.16)	-	619.78
Net Change	**8,410.41**	**(8,134.60)**	**-**	**275.81**
Indebtedness at the end of the financial year				
i. Principal Amount	115,010.74	4,389.41	-	119,400.15
ii. Interest Due but not paid	-	-	-	-
iii. Interest Accrued but not due	3,392.19	352.93	-	3,745.12
Total (i+ii+iii)	**118,402.93**	**4,742.34**	**-**	**123,145.27**

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	-	20.04		20.04
	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)	-	28.40	-	28.40
	Total (A)	**-**	**48.48**		**48.48**
	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.			

Annexure (I) (Contd.)

B. Remuneration to other Directors

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Kranti Sinha	S Sridhar	Suvalaxmi Chakraborty	Arun Kumar Purwar	
1	**Independent Directors**					
	Fees for attending Board Committee Meeting	0.48	0.51	0.24	0.12	**1.35**
	Commission	-	1.0	0.67	-	**1.67**
	Others, please specify					
	Total (1)					
2	**Other Non- Executive Director**					
	Fees for attending Board Committee Meeting					
	Commission					
	Others, please specify					
	Total (2)					
	Total B (1+2)					
	Total Managerial Remuneration	**0.48**	**1.51**	**0.91**	**0.12**	**3.02**
	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. Mr. Arun Kumar Purwar was appointed as Independent Director with effect from August 22, 2019.				

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	20.04	4.60	5.81	30.45
	(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)	28.40	1.30	1.00	30.70
5	**Total**	**48.48**	**5.94**	**6.84**	**61.26**

Annexure (I) (Contd.)

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 Not Applicable					
Penalty			NOT APPLICABLE		
Punishment					
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

Date: June 7, 2020
Place: Gurugram

Sumit Bali
Director
DIN: 02896088

Date: June 7, 2020
Place: Mumbai

Annexure (II)

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]

1. OUTLINE OF CSR POLICY:-

The CSR Policy and projects of IIFL Home Finance Ltd. are steered by the same values that guide the business of the IIFL Finance & its subsidiaries. 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 Ltd. undertakes initiatives that create sustainable growth and empowers underprivileged sections of society.

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

- Child Illiteracy Eradication Programme
- Financial Literacy
- Environmental Sustainability
- Health Initiative
- Livestock Development Programme
- Water Conservation
- Natural Disaster
- COVID 19

The CSR Project of IIFL Home Finance Limited is managed by India Infoline Foundation ("generally referred as IIFL Foundation"). The CSR Policy adopted by IIFL Home Finance Ltd is available on the website of the Company: https://www.iifl.com/sites/default/files/csr-policy.pdf

2. 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 have been listed below:

- Mr. R Venkataraman
- Mr. Sumit Bali
- Mr. Kranti Sinha

3. 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 ₹ 315,78,00,408 /-

b) Prescribed CSR Expenditure :

The recommended CSR expenditure for IIFL Home Finance Ltd as per Section 135 for the financial year 2019-20 was ₹ 6,31,56,000/-

c) Amount Spent:

During the financial year 2019-20, IIFL Home Finance Ltd. spent the entire budget i.e. ₹ 6,31,56,000/- on various social development activities, thereby fulfilled its commitment of spending 2% on its CSR activities.

d) Amount unspent :

Nil

Annexure (II) (Contd.)

4. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR :-

During FY 2019-20, IIFL Home Finance Ltd. spent a total of ₹ 6,34,75,190 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 (₹)	Amount Spent : Direct or through Implementing Agency
1	Eradicating child illiteracy	Education	Rajasthan	₹ 37,829,950	₹ 37,829,950	₹ 37,829,950	Through India Infoline Foundation.
2	Financial Literacy	Education	West Bengal	₹ 10,766,965	₹ 10,766,965	₹ 10,766,965	Through India Infoline Foundation.
3	Environmental Sustainability	Environment	Gujarat, Karnataka, Telangana	₹ 4,626,435	₹ 4,626,435	₹ 4,626,435	Direct
4	Health Initiative-Arogya	Health	Rajasthan	₹ 2,192,275	₹ 2,192,275	₹ 2,192,275	Through India Infoline Foundation.
5	Livestock Development Programme	Health	Rajasthan, Karnataka	₹ 909,045	₹ 909,045	₹ 909,045	Through India Infoline Foundation.
6	Water Conservation	Environment	Maharashtra	₹ 1,836,480	₹ 1,836,480	₹ 1,836,480	Through India Infoline Foundation.
7	Disaster Relief	Environment	Odisha	₹ 314,040	₹ 314,040	₹ 314,040	Through India Infoline Foundation.
8	COVID 19	Health	India	₹ 5,000,000	₹ 5,000,000	₹ 5,000,000	Through India Infoline Foundation.

5. BRIEF DESCRIPTION OF THE PROJECT

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 the 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. IIFL Foundation has setup such 1218 school across 11 districts of Rajasthan for girls known as - Sakhiyon ki Baadi (SKB). This literacy initiative engages over 35,964 girls, primarily from eight tribal communities of Rajasthan and has completed 3 years. It has brought over 3000+ girls in the main fold education by their enrollment in government schools.

IIFL Foundation also runs mobile learning centers - *'Raathsaala'*, for promoting literacy among The *Rebari Tribe* from Sirohi district that migrate with their families and cattle for over eight months in a year. IIFL Foundation runs *'Chauras'* – A learning centre cum crèche for children of migrant construction workers, operational near the construction site. IIFL Foundation has digitised learning by installation of 'Smart Boards' – an interactive digital learning tool, at nine Govt. Schools across Rajasthan.

Financial Literacy:

IIFL Foundation has taken steps towards *empowerment of women* through Financial Literacy in East and North-East states of India. IIFL Foundation has established 8 Financial Literacy Centers (FLC) reaching out to over 1,08,991 beneficiaries. 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 in financial products and availing financial inclusion schemes by government.

The company has actively contributed towards Govt. Initiatives - Angikaar which is an awareness campaign for social behavior change, water & energy

Annexure (II) (Contd.)

conservation, waste management, health, sanitation and hygiene for beneficiaries of completed houses under PMAY (U) through community mobilisation.

Environmental Sustainability

IIFL Home Finance Ltd. as an organisation encourages the adoption of sustainable development and green buildings under the project named "Kutumb" - an initiative towards green affordable housing, is a revolutionary platform that brings together industry experts on a common platform, addressing the building-life-cycle challenges for the developers. . IIFL Home Loan believes Kutumb to be a stepping stone for its partner developers to institute green technologies and eventually align with green buildings. The larger objective is to participate in and practice sustainable living.

IIFL Home Finance has successfully completed 5 Chapters of Kutumb in Ahmedabad, Indore, Pune, Bangalore and Hyderabad; educating 450+ developers about the design and technology involved in Green Building construction. Our Green Value Partners offer consultation from conception to certification of the green building including design, construction, material support etc. Through our initiatives we have been able to reach a wider audience and incept within them the thought of Green Housing.

Arogya – Health Initiative: Arogya is a unique health initiative to conduct primary health assessment of 35,000+ girls across 11 districts in Rajasthan. The primary objective of this project is to improve the health status of children falling in the age bracket of 6-14 years, especially the girls. The secondary objective is to make available special care to the children found to be in need of medical attention. The company has actively contributed towards Govt. Initiatives - Angikaar, through which the company has organised health talks/yoga camps and reached out to more than 6000 beneficiaries, planted over 1200 saplings and collected more than 85 kgs of plastic.

Livestock Development Programme: IIFL Foundation has initiated Livestock Development Program - Cattle in Rajasthan & Karnataka to provide services / inputs at the doorstep of the cattle owners to encourage and maintain livestock rearing as a secondary source of income. The main objective of livestock development activities is to upgrade the local indigenous low milk-yielding cows and promote dairy produce, thus development in livestock.

Water Conservation: Agriculture is the prime occupation in rural India and is directly dependent on water and it's the groundwater supply that contributes more than 85% of rural India's needs for irrigation. IIFL Foundation partnered with Maharashtra State Government to rejuvenate Arvi River and its tributaries in Wardha district of Maharashtra by artificial recharge methodology to improve ground water conditions. The project covered an overall geographical area of 6,564 hectares, benefitting 16 villages across Wardha district.

COVID 19: Corona (COVID 19) pandemic has shaken countries across the world by bringing most of their operations to a lockdown. India has come together to fight the battle by initiating a lockdown and taking various economic and health measures to deal with the crisis. IIFL Foundation showed it's support to Prime Minister's efforts by contributing to the PM-Cares Fund and has also extended support to various hospitals by providing personal protective gears through the industry body FICCI. The Company has also engaged its employees to volunteer and contribute during this period as per their wish.

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 IIFL Home Finance Limited

Monu Ratra	**R Venkataraman**
Executive Director & CEO	Chairman
DIN: 07406284	DIN: 00011919
Date: June 7, 2020	Date: June 7, 2020
Place: Gurugram	Place: Mumbai

Annexure (III)

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	135%
		Non-Executive Director	
		Mr. S. Sridhar	2.79%
		Mr. Kranti Sinha	Nil
		Mr. Nirmal Jain	Nil
		Mr. R. Venkataraman	Nil
		Mr. Sumit Bali	Nil
		Ms. Suvalaxmi Chakraborty	1.86%
		Mr. Arun Kumar Purwar	Nil
2	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year.	Executive Chairman	Nil
		Executive Director & CEO	Nil
		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
		Mr. Arun Kumar Purwar	Nil
		KMPs other than Directors	
		Chief Financial Officer	14%
		Company Secretary	20%
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 14%. 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 2131 employees on the rolls as on March 31, 2020.	

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 by the Board (b) financial outcomes and profitability of the Company.
7	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

For and on Behalf of the Board of Directors

Monu Ratra
Executive Director & CEO
DIN: 07406284

Date: June 7, 2020
Place: Gurugram

Sumit Bali
Director
DIN: 02896088

Date: June 7, 2020
Place: Mumbai

Annexure (IV)

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

[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]

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, to the extent possible due to lockdown announced by the Government of India on account of COVID – 19 pandemic, 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, 2020,** 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, 2020 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;

Annexure (IV) (Contd.)

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

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. Fair Practices Code (FPC) for all HFCs;
7. Guidelines on 'Know Your Customer' & 'Anti Money Laundering Measures' for HFCs.
8. IRDAI (Registration of Corporate Agents) Regulations, 2015

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

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:-

1. The Shareholders at their Extraordinary General Meeting held on April 15, 2019 accorded consent for shifting the Registered Office of the Company outside the local limits of city, town or village where such office was first situated.
2. The Shareholders at their Extraordinary General Meeting held on September 27, 2019 appointed Mr. Arun Kumar Purwar as an Independent Director for a period of 5 years with effect from August 22, 2019.
3. The Company issued and allotted Secured Redeemable Non-Convertible Debentures aggregating to an amount of ₹ 3,000 million in the Board Meeting held on October 3, 2019.
4. The Company obtained the renewed certificate of registration on February 4, 2020 to act as a Corporate Agent for three years from February 1, 2020 to January 31, 2023 for procuring or soliciting insurance business in the category of Composite.
5. The Board of Directors declared interim dividend of ₹ 15/- each on per equity share to the equity shareholders through circular resolution on March 9, 2020 and the same was paid within five days.
6. The Shareholders at their Extraordinary General Meeting held on March 24, 2020 approved alteration in the Clause 65 of Object Clause of the Memorandum of Association of the Company in consonance with the advisory contained in the NHB Inspection report for the Financial Year 2017-18.

For RMG & Associates
Company Secretaries
Firm Registration No. P2001DE16100
Peer Review No. : 734 / 2020

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

Place : New Delhi
Date : 23-05-2020
UDIN : F005123B000268804

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, 2020 of even date is to be read along with this letter:

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.
2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Secretarial Audit Report is neither an assurance as to 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.
7. We have tried to verify the physical records maintained by the Company to the extent possible in order to verify the compliances, however, reliance was also placed on electronic records for verification due to lockdown announced by Government of India on account of COVID- 19 pandemic.

For RMG & Associates
Company Secretaries
Firm Registration No. P2001DE16100
Peer Review No. : 734 / 2020

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

Place : New Delhi
Date : 23-05-2020
UDIN : F005123B000268804

Annexure (V)

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) Ind AS -24

III. DEFINITIONS

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

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

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

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

(v) **"Material Related Party Transaction"** 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;

Annexure (V) (Contd.)

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:

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 Rs. 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 Rs.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.

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
Executive Director & CEO
DIN: 07406284

Date: June 7, 2020
Place: Gurugram

Sumit Bali
Director
DIN: 02896088

Date: June 7, 2020
Place: Mumbai

Annexure (VI)

Report on Corporate Governance

As the Company catapulted into larger HFC domain to achieve its vision of being the most respected financial service provider on the housing finance landscape, the Company's responsibility and accountability to its stakeholders have also been growing simultaneously. The Company has always been strived to maintain a valuable relationship and trust with all its stakeholders and over the years has been nurturing this relationship and trust with utmost care. The Company has adopted thoughtful strategies, efficient processes, ethical practices and high degree of corporate governance to maximises the value for all the stakeholders and remains committed to it. The Company firmly believes that corporate governance is the set of rules, controls, policies, practices and processes that plays a pivotal role way beyond the regulatory compliance requirements. The Company intends to foster highest degree of corporate governance at all levels of business operations and therefore strongly emphasises on reliability, transparency, integrity, timely disclosures of information, fairness dealing with stakeholders, robust internal control system. The Board of Directors is the primary force that influences the corporate governance and the changing environment of stakeholder stewardship has greater influence on the quality of the board and its composition, skills. The Company has an optimum combination of non-executive, executive and independent directors on the Board are from financial services background with demonstrated skill sets and relevant experience. The Board monitors the business plans & strategies, various policies, operational and financial performance of the Company. The Composition of Board and its committees are in compliance with the Companies Act, 2013, National Housing Bank rules and regulations and various applicable policies and circular thereof. The responsibility of the Board as 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, 2020, 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	6	6
Mr. Kranti Sinha	Independent Director	6	6
Ms. Suvalaxmi Chakraborty	Independent Director	6	4
Mr. Arun Kumar Purwar*	Independent Director	3	3
Mr. Nirmal Jain	Non Executive Director	6	4
Mr. R Venkataraman	Non Executive Director	6	5
Mr. Monu Ratra	Executive Director & CEO	6	6
Mr. Sumit Bali	Non Executive Director	6	4

*Mr. Arun Kumar Purwar was appointed as Director of the Company with effect from August 22, 2019.

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.

Composition of the Audit Committee as on March 31, 2020 and number of the meetings held and attended by the members of the Committee during the financial year 2019-2020 are summarised below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S. Sridhar	Chairman, Independent Director	5	5
Mr. Kranti Sinha	Independent Director	5	5
*Ms. Suvalaxmi Chakraborty	Independent Director	4	3
Mr. R Venkataraman	Non Executive Director	5	5

*Ms. Suvalaxmi Chakraborty was inducted as member of the Audit Committee w.e.f. May 13, 2019.

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.

x. 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 Securities and Exchange Board of India, National Housing Bank and other regulators from time to time.

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 5 times i.e. on May 13, 2019, June 28, 2019, August 8, 2019, October 23, 2019 and January 23, 2020.

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:

Annexure (VI) (Contd.)

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 once on May 13, 2019.

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 13, 2019 and October 23, 2019.

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.

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 twice on February 6, 2020 and March 24, 2020.

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:

1. Mr. S Sridhar
2. Mr. Kranti Sinha
3. Mr. Nirmal Jain
4. Mr. Amit Gupta
5. Mr. Sanjeev Srivastava
6. Mr. Govind Modani

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 three times on August 8, 2019, October 23, 2019 and January 23, 2020.

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 13, 2019, August 8, 2019, October 23, 2019 and January 23, 2020.

For and on behalf of the Board of Directors

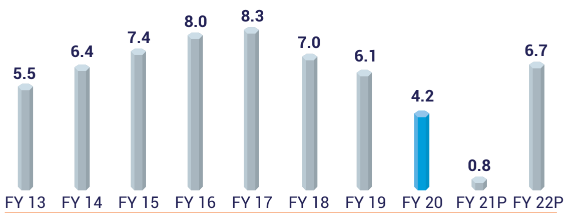
Monu Ratra	**Sumit Bali**
Executive Director & CEO	Director
DIN: 07406284	DIN: 02896088
Date: June 7, 2020	Date: June 7, 2020
Place: Gurugram	Place: Mumbai

Management Discussion & Analysis

MACROECONOMIC OVERVIEW

Though the Indian economic growth has been faster than the world economy, it remained subdued as compared to previous years in FY20. The slowdown in the first 11 months of FY20 was mainly on account of the slump in the auto sector, contraction in capital goods output and slowdown in investment cycle. On the expenditure side, public expenditure remained moderately high whereas private expenditure was low as compared to the previous financial years. However, due to the onset of the COVID-19 pandemic in March, 2020 and the resultant lockdown, the output for March, 2020 has been low. India's services sector activity contracted during March as the COVID-19 pandemic dented demand, particularly in overseas markets. Business activity was reduced in response to weaker demand and firms responded by reducing their workforces as intakes of new business were insufficient to maintain payroll numbers. Indian economy grew by 4.2% in FY20 (Source: MoSPI).

Indian Economy Growth Output (%)



Source: MoSPI, Fitch

India Retail Inflation (%)

Source: Tradeindia.com / MoSPI

The retail inflation rate in India was at 6.58% in February, 2020 as compared to 7.59% in January, 2020 and 2.57% in February, 2019. The moderation in inflation has expectedly been led largely by food inflation while core inflation remains muted amidst moderate demand. The inflation trajectory is expected to continue to moderate going ahead led by deflationary trends from falling crude oil prices, lower food prices and weak demand. With domestic and global growth facing downside risks from the spread of COVID-19 and deflationary forces emerging along with cooling off of global crude prices, the inflation trend of India is expected to be impacted positively in future.

The outbreak of COVID-19 is the third shock to the economy in the last three & a half years, after demonetisation and GST. Prospects of a good Rabi harvest and stabilising high frequency data of the macro economy had raised hopes of a recovery after a deep slump. However, the shutdown due to the pandemic has derailed this nascent recovery. The government has enforced shutting down of non-essential businesses to prevent the spread of infection. The informal economy would be disproportionately impacted by these necessary steps. The recent weakness in consumption was partly driven by slowing income growth and a weak job market. The income growth or the job market is unlikely to improve given the disruption to the economy and hence growth is unlikely to recover till the first half of FY21. However, the Government along with the RBI has taken a slew of measures to reduce the slowdown, including:

1. All lenders can freeze repayments for six months (earlier 3 months) on term loans outstanding as on March 1, 2020
2. The Government of India along with the RBI has released a stimulus package of ₹ 20 trillion, which is approximately 10% of GDP. The package includes additional liquidity to sectors like NBFC (incl. HFC and MFI) and MSME, government guarantees on lending by banks, greater allocation to social spending schemes like MNREGA, direct bank transfers, free food grains for the poor, etc.
3. Out of the above ₹ 20 trillion package, the Government allocated ₹ 300 billion to buy investment-grade debt of NBFCs, HFCs and MFIs. The second measure is a partial guarantee scheme worth ₹ 450 billion on primary market paper sold by NBFCs.
4. Benchmark repo rate reduced to its lowest ever level of 4%
5. The time period for realisation and repatriation of export proceeds for exports made up to or on July 31, 2020, has been extended to 15 months from the date of export
6. Loans to commercial property projects that are delayed for reasons beyond the control of the developer are allowed to be treated as standard for another year

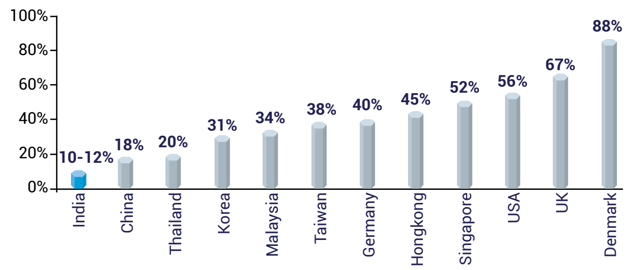
GDP growth is expected to be at 0.8% in FY21 (Source: Fitch). The pandemic is expected to subside in the second half of FY21. Also, the economic growth trajectory is highly dependent on a normal monsoon. The slump in growth is expected to remain in the first half of next fiscal. With expectations that the lockdown will be further eased slowly, the second half of FY21 should see recovery in growth.

INDUSTRY OVERVIEW

The housing finance market in India is financed by Scheduled Commercial Banks (SCBs) as well as NBFCs including HFCs. Though NBFCs and HFCs have different dynamics, HFCs will now be treated as one category under the NBFCs. In the interim Budget 2019, the Government handed over regulations of HFCs from NHB to RBI. However, till the time RBI issues fresh guidelines, HFCs will continue to be governed by NHB. The grievance redressal mechanism regarding HFCs will also continue to be with the NHB till then.

India's housing finance sector has remained relatively underpenetrated compared to its peers as evident by the low mortgage-to-GDP ratio (10-12% in FY19) as compared to its regional peers (FY15) (20% for Thailand, 18% for China, 34% of Malaysia) shown in the figure below (Source: CRISIL). While there has been substantial progress over the years, the sector continues to hold potential for long term growth.

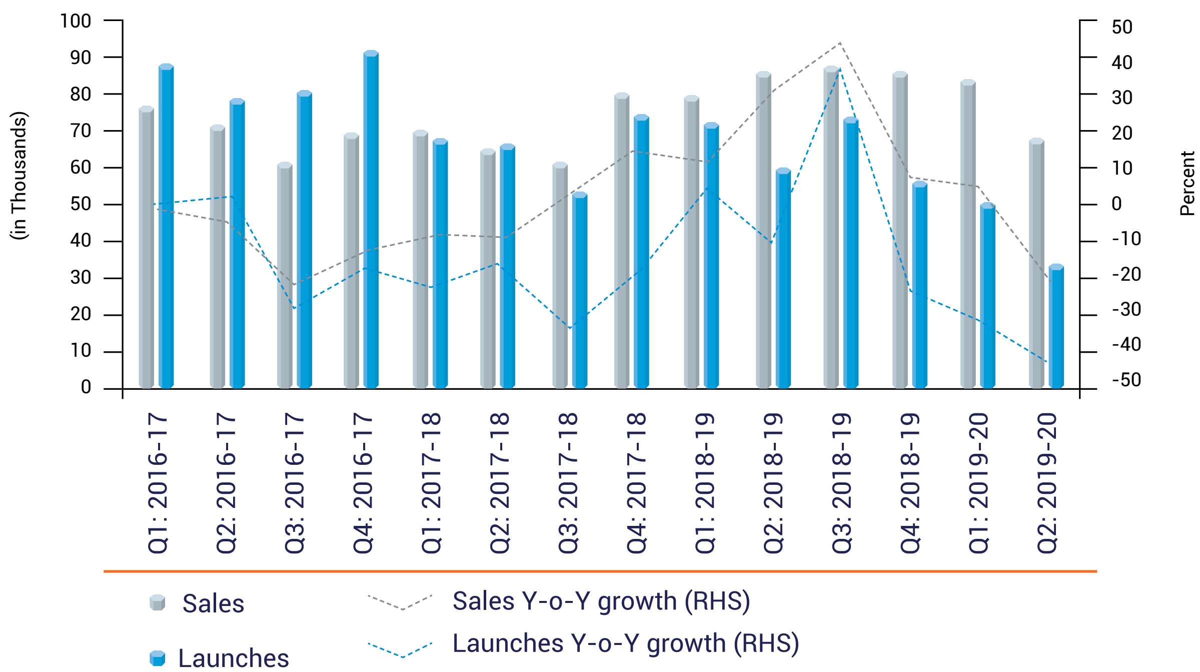
Low Mortgage Penetration (% of GDP) compared with other developing countries



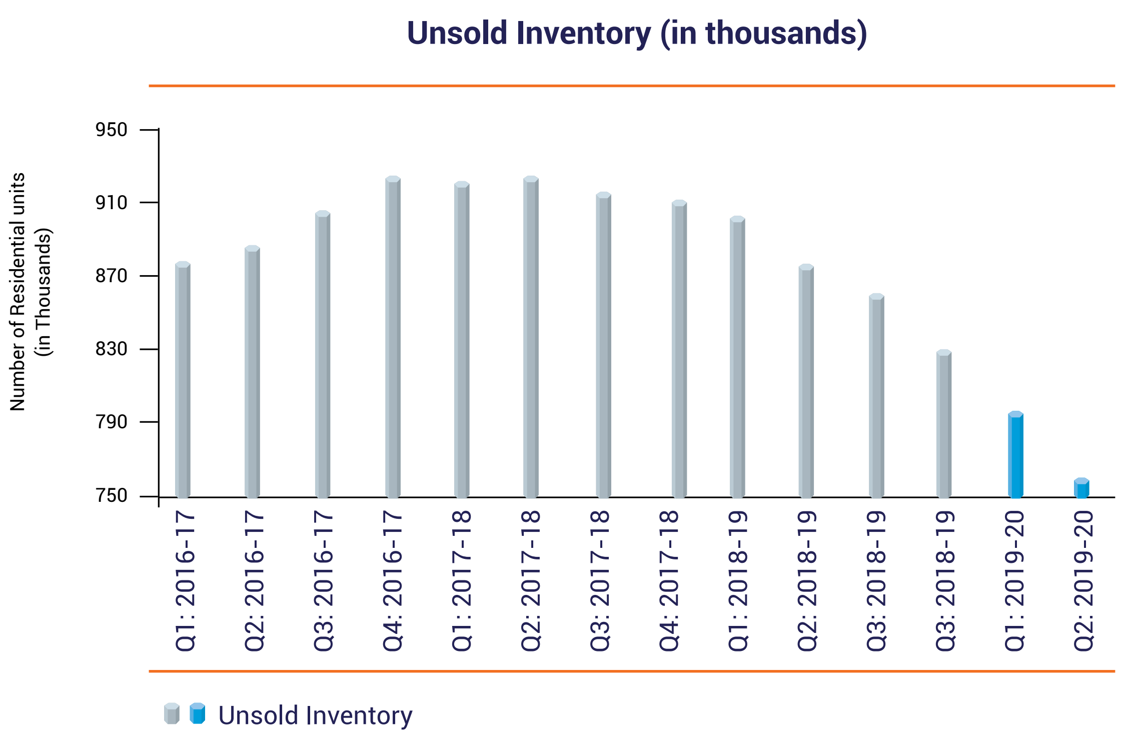
Source: CRISIL

Though housing prices in India reduced marginally, sales remained moderated in the first half of FY20. However, the launch of new projects fell down in H1FY20.

Number of Residential units (in thousands)



Source: RBI, PropTiger DataLabs



Source: RBI, PropTiger DataLabs

HFCs in India have shown rapid growth in its Asset under Management (AUM) from FY13 to the first half of FY19. It grew at a CAGR of 20% over the period (Source: CRISIL). This growth was mainly on account of the encouragement given by the Government to promote affordable housing in India, as a result of which demand for housing boosted in Tier 2 and 3 cities. Other factors that contributed to this growth were rising disposable income, increase in nuclear families and fiscal incentives on housing loans. However, the growth trajectory slowed down in H2FY19 and FY20. The second half of FY19 was marked by liquidity constraints which trickled over to FY20. HFCs are expected to grow by ~2% in FY20 (Source: Brickworks). The low growth rate in FY20 is also on account of the COVID-19 impact in March 2020, which halted disbursements and brought businesses across the country to a standstill.

Government measures for the Industry

The Government of India has given special focus for the housing sector in the Budget 2020 as well as to tackle the slowdown on account of COVID-19 lockdown.

Budget 2020

To boost affordable housing and achieve the vision of Housing for all by 2022, several initiatives have been undertaken, such as Pradhan Mantri Awas Yojana (PMAY) that aims to build 10 million homes in urban and rural India by 2022. In order to ensure that developers in this segment have access to cheaper loans, affordable housing has also been accorded infrastructure status.

Budget 2020 saw the Housing and Urban Affairs Ministry outlay touch ₹ 500.4 billion, 18.4% increase from the revised estimate of ₹ 423 billion for FY20. In 2020, the allocation for PMAY, the flagship scheme of the government, has been granted ₹ 275 billion as against the revised estimates of ₹ 253 billion in FY20, an 8.5% increase.

NHB Refinance

Also, the government has revised its ₹ 300 billion liquidity infusion facility scheme to encourage HFCs to avail refinance funds. Under the revised scheme, the earlier exposure cap of ₹ 7.5 billion per HFC and exposure ceiling of 50% of individual housing loan have been removed. The maximum exposure has been revised to 30% of HFCs net owned funds or 50% of NHBs net owned funds, whichever is lower. This scheme that was launched in August, 2019, can be availed till June 2020 by HFCs. This will help HFCs for their business expansion in FY21. In April 2020, the RBI also announced refinance facility for NHB worth ₹ 100 billion out of total ₹ 500 billion for various institutions. This is expected to boost liquidity in the system.

COVID-19 recovery

The Government of India has announced a ₹ 20 trillion economic package i.e. almost 10% of the GDP, which combined the government's recent announcements on supporting key sectors along with the measures rolled out by RBI to counter the COVID-19 impact. The goal is to address the problems of a wide range of sectors and become self-reliant.

Going forward

The resultant lockdown on account of the COVID-19 pandemic has slowed down businesses in the short run. Disbursements are expected to be low in H1FY21 and growth in H2FY21 will depend upon the extent of the pandemic spread and its impact on the economy. However, it is expected that businesses will pick up in the second half of FY21. **Co-lending** and **securitisation** are going to remain the catalyst of the next fiscal to boost HFCs growth trajectory. HFCs are expected to grow at 6% in FY21 (Source: India Ratings). HFCs are expected to fund a large size of their portfolio via assignment/ securitisation. This along with government measures, such as partial credit guarantee scheme, will improve liquidity and enable HFCs to better manage their asset-liability profile. One of the major synergistic partnerships between HFCs and banks-- co-lending, is expected to pick up pace in FY21. Banks can leverage HFCs' geographic reach and benefit from their origination and servicing capabilities, and HFCs will get access to better-profile clients and higher fee income. The affordable housing segment accounts for roughly 15% of the HFC portfolio. Given the government push towards affordable housing, co-lending in this space will provide required impetus to drive growth, hence it is attracting a lot of interest from banks.

OPPORTUNITIES

Affordable Housing

By the year 2030, more than 40% of the Indian population will live in urban India, as against the current figure of 34%, which is likely to create a demand for 25 million additional affordable housing units (Source: RICS and Knight Frank Report). Increasing urbanisation will boost per-capita GDP and increase the number of nuclear families. This in turn will lead to rise in demand for more urban households. Also, with the rate cuts announced by the RBI, housing demand is expected to improve along with the liquidity conditions of real estate companies in FY21. With the stock market witnessing a lot of fluctuation in these times of uncertainty, we anticipate that a lot of people will consider investing in property, as that is a more stable, long-term asset. Affordable housing segment is going to be the core growth segment for HFCs in the years to come.

Government Push for the sector:

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.

The moratorium of six months on term loans, including home loans, would provide relief and enable real estate companies to focus more on the operational requirement and recalibrate their business strategies

Housing for Investment- Millennials

Millennials, especially financially independent women, are preferring investment in real estate from erstwhile gold and fixed deposits. Nearly 57% women respondents preferred real estate as an investment asset class followed by 28% for the stock market, 11% for fixed deposits and a mere 4% for gold (Source: Anarock-LIC Housing Finance Ltd consumer sentiment survey). Millennial women are emerging as a crucial homebuyer segment in India, unlike earlier being just a niche segment. This provide ample of opportunities for developers to include them as a major target customer. Also, the government of India to empower women of the low-income segment as per the Housing for All by 2022 mission, has made it mandatory for them to be either co-owners or sole owners of affordable homes.

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 FY21 and beyond.

Demand for rural and semi urban sector:

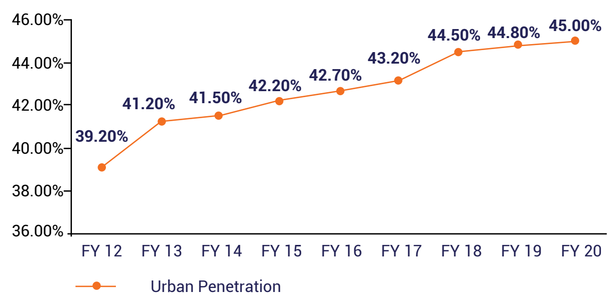
With rising rural incomes and the government investing heavily in enhancing rural demand, in the coming years there could be high demand coming from the rural and semi-urban areas.

Rising Finance penetration

With growing urbanisation and rising finance penetration in India, the growth in housing finance sector is expected to rise. With this, like in FY20, in FY21 also the demand for housing is expected to come from tier II and tier II cities in urban areas. The finance penetration in Indian urban areas rose from 39.2% in FY12 to an estimated 45% in FY20

(Source: CRISIL). With more number of people moving from rural to urban areas, growing digitisation and financial awareness, these trends are only expected to rise in the years coming.

Uptick in finance penetration in urban areas (%)



(Source: CRISIL)

Threats

Fall in real estate sales and unsold inventory

Enforcement of the nationwide lockdown following the spread of COVID-19 has caused a temporary slump in housing sales. Also, a slowing economy along with constraint in liquidity may cause reduction in sales and thereby leading to rise in unsold inventory. This may dissuade developers from launching new projects. Fall in real estate sales and unsold inventory remains a threat in FY21.

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.

Increasing Competition

Increasing competition from Banks to gain market share in the growing affordable housing segment could be a challenge for HFCs.

COMPANY OVERVIEW

IIFL Home Finance Limited (IIFL HFL) (previously known as India Infoline Housing Finance Limited), incorporated in 2006, is a 100% subsidiary of IIFL 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. 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

In FY20, the company closed the year with total loan assets under management of ₹ 184,947.4 million and balance sheet size of ₹ 144,970.7 million. The home loan contribution to total loan book remains stable y-o-y at 67% with continued focus on low ticket size loan. Through our Swaraj Home loans, a dedicated home loan product to cater to the needs of underserved section of the society, the Company has continued to support the Government in its vision of "Housing for All". The Company benefited 38300+ customers with ₹ 9,000+ million subsidy till date.

During the year the Company has been able to securitise and assign ₹ 28,100.6 million worth of assets, enabled by the trust and confidence of our securitisation investors and our portfolio quality. The acceptance of IIFL Home Finance granular loan book portfolio across investors is a testimony of its strong underwriting capabilities and strong portfolio quality.

Strength

Wide Presence: Our network of brick and mortar branches and channel partners coupled with digital touch points (Website and Mobile App), enables us to build enduring bonds of trust and loyalty with the customers. As on March 31, 2020, we have 127 branches nationwide to support mid income affordable housing segment. In addition to our network and online channels, we have vast Group's network of 2300+ touch points to reach potential customers in Tier II & Tier III cities.

Customer First Approach: Knowledgeable, attentive and empathetic Customer First approach is at the core of our operations. With wide range of customised products, continued focus on customer experience, transparency in all our operations and process and investment in creating cutting edge technology have enabled us to serve more than 1,24,000+ customers over the years.

Prudent credit policy and process: We have robust in house credit appraisal process. Our credit policies are designed to mitigate risk and formalise procedures for determining acceptable risk. We have also brought smart technologies for a flawless credit appraisal, underwriting and monitoring, leading to seamless end to end loan sanction process. Robust credit approval mechanism, credit control processes, audit and risk management process and policies have helped us to maintain our portfolio quality.

Focus on Technology: We continue to invest in cutting edge technologies to expand our technology landscape and upgrade innovative technology solutions, thereby increasing customer delight and employee efficiency. The technology platform covers all functions starting from sales to loan underwriting, customer management, collection management and financial accounting.

The mobile platform empowers our employees to manage their work on the go thereby improving the overall employee experience and efficiency.

The investment in technology has not only helped us in improving customer experience, but also in reducing operating cost and development of new business opportunities.

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. Home loan constitutes 74% of the total disbursements in FY20 of which affordable segment were 39%.

Our retail loan processing is done through our proprietary application "Jhatpat Loans" in which underwriting is automated with pre-defined business rule engines thereby leading to reduced TAT and increased standardisation of decisions.

Loan Against Property (LAP)

We offer 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. LAP contributed 15% of the disbursed units in FY20.

Project Loans

The developers often need size-able funds for the construction and development of residential and mixed-use projects. A strong emphasis is being placed on the identification of environment & social friendly projects with Green Certification for funding under this segment. In line with our broader retail strategy also, a project loan is an important offering to the developers. The projects funded under the Construction Finance vertical provide an opportunity for retail home loans via the Approved Project Finance route. The contribution of construction finance loans within the total disbursements was only 10% in FY20.

FINANCIAL OVERVIEW

For the financial year ending March 31, 2020, AUM of the Company has grown by 2% y-o-y to ₹ 184,947.4 million from ₹ 181,578.3 million, as on March 31, 2019. At the segment level, there is moderate growth in the home loan and LAP segments whereas the real estate segment has de-grown y-o-y. Loan book has de-grown by 4% y-o-y to ₹ 128,139.6 million as on March 31, 2020 from ₹ 134,002.6 million as on March 31, 2019. Loan Book growth has de-grown in comparison to AUM growth due to high assignment of portfolio during the year.

For FY20, IIFL Home Finance reported a Profit After Tax (PAT) of ₹ 2,449.2 million down by 20% y-o-y. The decline in profit has been mainly on account of the additional provisioning for COVID-19 impact. Operating profit (excluding provision and Write off) was down by only 3% y-o-y. With a capital adequacy of 23.7% (Tier-I CAR of 18.4%), the Company is well capitalised 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 1.8% and ROE of 13.8%. Gross NPA (IND AS) is 1.6% with provision coverage ratio of 23.5% for the year under review. Provision coverage ratio including standard asset provision (Stage1 and Stage 2) stands at 84.5%.

Provision charge for Expected Credit Loss, including additional COVID-19 provision, as a percentage of average loan book stands at 1.0%.

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 creditworthiness 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.

We have well defined policy guidelines which are built in the "Jhatpat application" for rule based underwriting which reduces the frequency of judgment-based errors. We use technology to verify the identity and other loan documents submitted by the borrower along with digital underwriting. This integration of new data sources enables better insights for credit decisions, while real-time data processing, reporting, and monitoring further improves overall risk-management capabilities.

Our portfolio management uses advanced analytics and machine-learning tools to identify the problematic loans at an early stage. 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. Operational costs are also reduced as credit processes are digitised. A greater share of time and resources can be dedicated to value-added activities, as inputs and outputs become standardised and paperless.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an elaborate system of internal controls 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. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with regulatory directives, adherence to the accounting procedures and policies. Wherever required, the internal audit efforts are supplemented by audits conducted by specialised consultants/audit firms. Based on the report of the Internal Auditors, process owners undertake corrective actions, in their respective areas and thereby strengthen the controls.

The Company has also placed its focus on making its internal control system digitalised. The Company has introduced an in-house internal control system software for better monitoring of audit processes at PAN India level.

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 organisational 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 organisational 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.

TRAINING & DEVELOPMENT

Our Money Versity app offers a variety of business, domain & wellness centered channels for our employees. We have helped the employees learn on the go in a very engaging multimedia & interactive way. For the high-fliers there are MDPs at premier B-schools to ensure their growth in organisation is well-supported. The Company arranges Classroom Training for First Time managers across functions. Also, there are customised Lunch Bunch Sessions for specialised teams focusing on enhancing team bonding & cohesiveness.

PERFORMANCE MANAGEMENT & REWARDS

We have a fair and transparent performance appraisal system for employees across all levels and functions with a 4 point rating scale- Flyer, Runner, Learner, Walker. We have introduced LEAP Program for the sales workforce pan India in order to focus on continuous assessment of the targets achieved by the team. We encourage and reward our best performers, both individual and at team level, during the annual R&R program- PRIDE 4.0

EMPLOYEE ENGAGEMENT AND WELLNESS

Employee centered chat bot have been introduced for all employees to capture their real time sentiment across various tenures within the organisation. The leadership also connects with the teams every quarter during the 'CPlogue: HFC Townhall with the CEO', to address all employee queries, discuss game plan for the coming quarter and share achievements of the quarter gone by. Focus has been given on Employee health and wellness by introducing the new Healthify App for the employees to keep a tab on their health parameters.

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. IIFL Home Finance has been recognised as a Great Place to Work for the 2nd time in a row. This year, 78% of our sampled employees rated the organizational culture & employee practices at 4 and above, on a scale of 5 (5 being the highest).

As on March 31, 2020, the Company has a strong workforce of 2,131 employees.

OUTLOOK

Though the COVID-19 pandemic is expected to result in significant adverse economic impacts globally, Indian economy is expected to show moderate growth in H2FY21 mainly dependant on the expected economic activity spurt in the second half of FY21. Private consumption growth is expected to face strong headwinds. With the restrictions on non-essential activities getting lifted in less contagious regions in the country coupled with an increase in government expenditure, we can expect an uptick economic recovery in the second half of the FY21.

For IIFL Home Finance Limited,

Monu Ratra
Executive Director & CEO
DIN: 07406284

Date: June 7, 2020
Place: Gurugram

Sumit Bali
Director
DIN: 02896088

Date: June 7, 2020
Place: Mumbai

Independent Auditor's Report

To The Members of IIFL Home Finance Limited (Formerly known as 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** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, 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 31 March 2020, 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.

Emphasis of Matter

We draw attention to Note 7.1 to the Financial Statements, which fully describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	**Impairment of Financial Assets held at amortised cost:** 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.	**Principal audit procedure performed** • We read the Company's Ind-AS 109 based impairment provisioning policy ; • 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;

Sr. No.	Key Audit Matter	Auditor's Response
	The most significant areas are: • Impairment models: - Judgement is required to determine the inputs, methodologies, staging/restaging in case of Significant Increase 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. • Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 pandemic. Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in Indian Accounting Standard (IND AS) 109 and 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, 2020, the Company's total exposure at default for loans and advances amounted to ₹ 1,42,276.27 million and the related impairment provisions amounted to ₹ 2,063.09 million, comprising ₹ 1,289.91 million of provision against Stage 1 and 2 exposures and ₹ 773.18 million against exposures classified under Stage 3. Refer Note 39B.3 to the Financial Statements.	• 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 31 March 2020; • 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 a sample of exposures, we tested the calculation of the Probability of Default (PD) and the Loss Given Default (LGD) used in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations; • We assessed the appropriateness of the calculation of the management overlay in response to COVID 19 related economic uncertainty. • We performed an overall assessment of the ECL provision levels at each stage including management's assessment on COVID 19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment.

Independent Auditor's Report (Contd.)

Sr. No.	Key Audit Matter	Auditor's Response
2	**Information Technology and General Controls** 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.	**Principal audit procedure performed** 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 Director's report and Management Discussion and Analysis report, but does not include the financial statements and our auditor's report thereon. The Director's report and Management Discussion and Analysis report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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 Director's report and Management Discussion and Analysis report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

Independent Auditor's Report (Contd.)

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.

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.

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. so far as it appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows 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 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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/ CARO") 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)
(UDIN: 20105035AAAACW9032)

Place: Mumbai
Date: 5 June 2020

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 known as India Infoline Housing Finance Limited)** ("the Company") as of 31 March 2020 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.

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

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 31 March 2020, 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: 5 June 2020

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, except in the case of properties which have been repossessed during the year aggregating to ₹ 111.83 Million, in respect of which the Company is in the possession of the valid Sale Certificate which is considered to be the title documents to create all rights in favour of the auction purchaser and therefore in favour of the buyer Company.

(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 31 March 2020 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 31 March 2020 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.

(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: 5 June 2020

Balance Sheet

As at March 31, 2020

(₹ in Millions)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	3	9,251.67	8,068.42
(b) Bank balance other than (a) above	4	3,556.63	1,968.94
(c) Receivables	6		
(I) Trade receivables		181.60	268.28
(d) Loans	7	129,456.75	134,174.69
(e) Investments	8	378.52	-
(f) Other financial assets	9	1,256.14	1,139.53
(2) Non-Financial Assets			
(a) Current tax assets (net)		128.05	141.15
(b) Deferred tax assets (net)	10	336.60	320.08
(c) Property, plant and equipment	11	48.72	46.37
(d) Right of use assets	12	238.35	-
(e) Other intangible assets	13	2.94	3.29
(f) Other non-financial assets	14	134.72	29.39
Total Assets		**144,970.69**	**146,160.14**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Derivative financial instruments	5	150.27	421.32
(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		270.49	437.80
(c) Financial Lease Obligation	12	253.49	-
(d) Debt securities	16	20,639.82	28,188.55
(e) Borrowings (other than debt securities)	17	94,370.92	85,178.34
(f) Subordinated liabilities	18	4,389.41	6,377.24
(g) Other financial liabilities	19	6,430.67	8,681.95
(2) Non-financial Liabilities			
(a) Current tax liabilities (net)		76.15	242.84
(b) Provisions	20	178.58	166.84
(c) Other non-financial liabilities	21	210.75	498.44
(3) Equity			
(a) Equity share capital	22 A	209.68	209.68
(b) Other equity	22 B	17,790.46	15,757.14
Total Liabilities and Equity		**144,970.69**	**146,160.14**
See accompanying notes forming part of the financial statements	1-46		

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

Pallavi A. Gorakshakar
Partner

Place : Mumbai
Dated : June 05, 2020

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

Sumit Bali
Director
(DIN: 02896088)
Place: Mumbai

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

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: May 23, 2020

Statement of Profit and Loss

For the year ended March 31, 2020

(₹ in Millions)

Sr. no.	Particulars	Note No.	FY 2019-20	FY 2018-19
	Revenue from Operations			
	(i) Interest income	23	16,358.03	16,284.91
	(ii) Fees and commission income	24	619.94	687.55
	(iii) Net gain on fair value changes	25	172.40	227.39
	(iv) Net gain on derecognition of financial instruments under amortised cost category	26	-	101.14
(I)	**Total Revenue from Operations**		**17,150.37**	**17,300.99**
(II)	**Other Income**	27	601.57	976.79
(III)	**Total Income (I+II)**		**17,751.94**	**18,277.78**
	Expenses			
	(i) Finance cost	28	10,823.04	11,022.55
	(ii) Net loss on derecognition of financial instruments under amortised cost category	26	587.36	-
	(iii) Impairment on financial instruments	29	471.78	15.54
	(iv) Employee benefits expenses	30	1,696.31	1,895.49
	(v) Depreciation, amortization and impairment	11-13	88.92	22.78
	(vi) Other expenses	31	780.13	827.51
(IV)	**Total Expenses**		**14,447.54**	**13,783.87**
(V)	**Profit Before Exceptional Items and Tax (III-IV)**		3,304.40	4,493.91
(VI)	**Exceptional Item**	33	15.04	-
(VII)	**Profit Before Tax (V -VI)**		**3,289.36**	**4,493.91**
(VIII)	**Tax Expenses:**			
	(i) Current tax	32	855.10	1,434.00
	(ii) Deferred tax	10	(117.43)	4.38
	(iii) Current tax expenses relating to prior years	32	(8.63)	(8.40)
	Total Tax Expenses		**729.04**	**1,429.98**
(IX)	**Profit before impact of change in the rate of Corporate tax on Opening Deferred Tax (VII-VIII)**		**2,560.32**	**3,063.93**
(X)	Impact of change in the rate of Corporate tax on Opening Deferred Tax	32	111.10	-
(XI)	**Profit for the year (IX-X)**		**2,449.22**	**3,063.93**
(XII)	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit (liabilities)/assets		(5.51)	(14.35)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		1.39	5.01
	Subtotal (A)		**(4.12)**	**(9.34)**
	B (i) Items that will be reclassified to profit or loss			
	(a) Cash Flow Hedge (net)		(43.58)	(245.24)
	(ii) Income tax relating to items that will be reclassified to profit or loss		10.97	147.23
	Subtotal (B)		**(32.61)**	**(98.01)**
	Other Comprehensive Income (A+B)		**(36.73)**	**(107.35)**
(XIII)	**Total Comprehensive Income for the year (XI+XII)**		**2,412.49**	**2,956.58**
(XIV)	**Earnings per Equity Share of face value of ₹ 10 each (for continuing operations)**	34		
	Basic (₹)		116.81	150.91
	Diluted (₹)		116.81	150.91
	See accompanying notes forming part of the financial statements	1-46		

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

Pallavi A. Gorakshakar
Partner

Place : Mumbai
Dated : June 05, 2020

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

Sumit Bali
Director
(DIN: 02896088)
Place: Mumbai

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

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: May 23, 2020

Statement of changes in equity

For the year ended March 31, 2020

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, 2020	209.68	-	**209.68**
As at March 31, 2019	199.68	10.00	**209.68**

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 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)	-	-	-	-	(9.34)	-	**(9.34)**
Equity Dividend (Refer Note 6)	-	-	-	-	(41.94)	-	**(41.94)**
Dividend Distribution Tax	-	-	-	-	(8.61)	-	**(8.61)**
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**
Profit for the year	-	-	-	-	2,449.22	-	**2,449.22**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 4)	-	-	-	-	-	(32.61)	**(32.61)**
Remeasurement of defined benefit (Net of Tax) (Refer Note 5)	-	-	-	-	(4.12)	-	**(4.12)**
Equity Dividend (Refer Note 6)	-	-	-	-	(314.52)	-	**(314.52)**
Dividend Distribution Tax	-	-	-	-	(64.65)	-	**(64.65)**
Transfer to General Reserve (Refer Note 1)	-	500.00	-	(500.00)	-	-	**-**
Transfer to Special Reserve (Refer Note 2)	-	-	493.00	-	(493.00)	-	**-**
Transfer to Debenture Redemption Reserve (Refer Note 3)	-	-	-	83.25	(83.25)	-	**-**
Additions during the year (Net) (Refer Note 7)	-	-	-	-	-	-	**-**
Balance as at March 31, 2020	**7,991.57**	**1,438.60**	**2,068.70**	**-**	**6,422.21**	**(130.62)**	**17,790.46**

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 ₹ 500.00 Millions (P.Y. ₹ 938.60 Millions) from Debenture Redemption Reserve to General Reserve on account of redemption of debenture offered through public issue.

Statement of changes in equity

For the year ended March 31, 2020

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 ₹ 386.25 Millions (P.Y. ₹ 561.93 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 ₹ 493.00 Millions (P.Y. ₹ 613.00 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 has created Debenture Redemption Reserve of a value equivalent to 25% of the debentures outstanding, which were offered through public issue. Accordingly, ₹ 83.25 Millions (P.Y. ₹ 221.55 Millions) has been transferred to Debenture Redemption Reserve Account for the year ended March 31, 2020.

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 ₹ 15/-(P.Y. ₹ 2/-) 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 not issued any fresh shares. During the previous year, the Company had 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
Dated : June 05, 2020

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

Sumit Bali
Director
(DIN: 02896088)
Place: Mumbai

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

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: May 23, 2020

Statement of Cash Flows

For the year ended March 31, 2020

(₹ in Millions)

Particulars	Note No.	FY 2019-20	FY 2018-19
Cash Flows from Operating Activities			
Profit before tax		**3,289.36**	**4,493.91**
Adjustments for :			
Depreciation, amortization and impairment	11-13	88.92	22.78
Gratuity expense		16.11	8.19
Leave Encashment expense		14.49	23.71
Impairment on financial instruments - loans	29	471.78	15.54
Interest expense	28	10,809.45	10,985.48
Interest on Loans	23	(16,211.95)	(16,139.22)
Interest on deposits with Banks	23	(146.08)	(145.69)
Net gain on derecognition of financial instruments	26	(176.89)	(280.71)
Exchange fluctuation on Borrowings		-	(3.00)
Net gain on fair value changes - Realized	25	(255.83)	(227.39)
Net gain on fair value changes - Unrealized	25	83.43	-
Loss on Sale of fixed assets [net]		0.56	0.87
Interest paid		(10,097.06)	(10,693.63)
(Gain)/Loss on termination		(0.33)	-
Interest received on loans		15,952.97	15,767.39
Interest received on deposits with Banks		143.74	136.13
(Gain)/ Loss on buy back of Debt Securities		(29.42)	13.87
Operating Profit before Working Capital changes		**3,953.25**	**3,978.23**
Changes in Working Capital:			
Adjustments for (increase)/decrease in Financial & Non-Financial Assets		(1,019.69)	(181.12)
Adjustments for increase/(decrease) in Financial & Non-Financial Liabilities		(3,343.33)	(3,431.47)
Direct Taxes Paid		(997.90)	(1,331.43)
Cash generated from/ (used in) Operations		**(1,407.67)**	**(965.79)**
Loans (disbursed) / repaid (net)		4,498.04	(9,001.15)
Net cash generated from / (used in) Operating Activities (A)		**3,090.37**	**(9,966.94)**

Statement of Cash Flows

For the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	Note No.	FY 2019-20	FY 2018-19
Cash flow from Investing Activities			
Purchase of fixed assets		(50.64)	(41.38)
Sale of fixed assets		18.56	0.02
Fixed deposits placed		(2,465.78)	(1,858.25)
Fixed deposits matured		1,942.93	1,253.48
Purchase of investments		(808,212.86)	(768,581.00)
Proceeds from sale of investments		808,006.74	768,808.39
Net Cash used in Investing Activities (B)		**(761.05)**	**(418.74)**
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)		(379.17)	(50.56)
Proceeds from Borrowings		27,156.17	40,740.59
Repayment of Borrowings		(18,284.72)	(11,658.44)
Proceeds from issue of Debt Securities		36,400.00	1,42,946.99
Repayment of Debt Securities		(43,993.22)	(1,59,065.14)
Proceeds from issue of Sub-Ordinated Debt		-	1,965.16
Repayment from issue of Sub-Ordinated Debt		(2,000.00)	-
Payment of lease liabilities		(43.97)	-
Net Cash from / (used in) Financing Activities (C)		**(1,144.91)**	**15,877.60**
Net increase in cash and cash equivalents (A+B+C)		**1,184.41**	**5,491.92**
Cash and cash equivalents as at the beginning of the year		8,067.05	2,575.13
Cash and cash equivalents as at the end of the year		**9,251.46**	**8,067.05**
See accompanying notes forming part of the financial statements	1-46		

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

Pallavi A. Gorakshakar
Partner

Place : Mumbai
Dated : June 05, 2020

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

Sumit Bali
Director
(DIN: 02896088)
Place: Mumbai

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

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: May 23, 2020

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020

Note 1. CORPORATE INFORMATION

(a) Company overview

IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited) ("IIFL HFL"/ "the Company"), is a wholly owned subsidiary of IIFL Finance Limited (formerly known as IIFL Holdings Limited) w.e.f. March 30, 2020 (hereinafter referred to as the "Effective Date"). Prior to the Effective Date, the Company was a wholly owned subsidiary of India Infoline Finance Limited ("Amalgamating Company") which got amalgamated into IIFL Finance Limited (formerly known as IIFL Holdings Limited), ("Amalgamated Company") on April 01, 2018 (hereinafter referred to as "Appointed Date"). 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.

(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.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

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.

(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) Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(f) Impairment of 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 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.

(g) 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.

(h) Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company considers whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

(i) Earnings per share

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

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

(j) Taxes on income

Current tax

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

Deferred tax

Deferred tax is 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.

(k) 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 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.

Notes forming part of Standalone Financial Statements

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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.

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 amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime

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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.

In determining default of loan assets as at the end of the reporting period, the special dispensations granted to identified loan assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) have been applied by the Company.

Company has provided moratorium of three months based on its Board approved policy from 1st March 2020 to identified customers in line with circular issued by RBI viz. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 and DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, accordingly the repayment schedule of such identified customers between March 1, 2020 till May 31,2020 is shifted with an impact on the balance tenor or EMI of the loan as assessed by Company. Interest accrual is to be continued on the outstanding loan amount basis original contracted rate during the moratorium period as prescribed in the policy and to be incorporated in the subsequent repayments.

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.

In determining significant increase in credit risk of loan assets as at the end of the reporting period, the special dispensations granted to identified loan assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) have been applied by the Company.

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 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.

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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.

(l) Derivative financial instrument

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially 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.

(m) 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.

(n) Goods and service tax input credit

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

(o) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(p) 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.

(q) Segment reporting

The Company's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Company revolve around the main business. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments.

(r) Provisions, contingent liabilities and contingent assets

Provisions are 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 settlethe 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.

(s) Statement of Cash Flows

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

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes and 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.

(t) 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.

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash on hand	0.65	10.12
Cheques in hand	-	38.41
Balance with banks		
-In current accounts	8,870.81	4,018.52
Fixed deposits (original maturity less than or equal to three months)	380.00	4,000.00
Total cash and cash equivalents (as per Ind AS 7 statement of cash flows)	**9,251.46**	**8,067.05**
Fixed deposits (original maturity less than or equal to three months) - lien marked	-	-
Accrued interest on fixed deposits	0.21	1.37
Cash and cash equivalents	**9,251.67**	**8,068.42**

Out of the fixed deposits shown above:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Lien marked	-	-
Margin for credit enhancement	-	-
Other deposits	380.00	4,000.00
Total	**380.00**	**4,000.00**

NOTE 4 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Other bank balances		
In earmarked accounts		
- Unclaimed interest and redemption proceeds of NCDs	1,073.36	12.01
Balances with banks - lien marked	-	-
In deposit account (original maturity more than three months)	2,465.78	1,942.93
Accrued interest on fixed deposits	17.49	14.00
Total	**3,556.63**	**1,968.94**

Out of the fixed deposits shown above:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Lien marked	190.26	620.03
Margin for credit enhancement (Refer Note 35c)	1,868.12	1,322.90
Other deposits	407.40	-
Total	**2,465.78**	**1,942.93**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 5. DERIVATIVES FINANCIAL INSTRUMENTS

(₹ in Millions)

Part I	As at March 31, 2020			As at March 31, 2019		
	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	-	150.27	3,630.75	-	413.13
Subtotal (i)	**3,630.75**	**-**	**150.27**	**3,630.75**	**-**	**413.13**
(ii) Other derivatives						
-Forward exchange contract	-	-	-	350.00	-	8.19
Subtotal (ii)	**-**	**-**	**-**	**350.00**	**-**	**8.19**
Total derivative (i+ii)	**3,630.75**	**-**	**150.27**	**3,980.75**	**-**	**421.32**

(₹ in Millions)

Part II	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair value - assets	Fair value - liabilities	Notional amounts	Fair value - assets	Fair value - liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Cash flow hedging:						
- Currency derivatives	3,630.75	-	150.27	3,980.75	-	421.32
(ii) Undesignated derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Total derivative financial instruments (i+ii)	**3,630.75**	**-**	**150.27**	**3,980.75**	**-**	**421.32**

Credit risk

(₹ in Millions)

Particulars	Total		Exchange traded		Over the counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
As at March 31, 2020						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	**3,630.75**	**150.27**	**-**	**-**	3,630.75	150.27
As at March 31, 2019						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	**3,980.75**	**421.32**	**-**	**-**	3,980.75	421.32

5.1 Hedging activities and derivatives

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

5.1.1 Derivatives designated as hedging instruments

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

The Company is exposed to interest rate risk arising from its foreign currency borrowings amounting to USD 50 Millions (March 31, 2019 USD 55 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 Standalone Financial Statements

as at and for the year ended March 31, 2020 (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 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, 2020	As at March 31, 2019
Notional amount	3,630.75	3,980.75
Carrying amount	150.27	421.32
Line item in the statement of financial position	Derivative financial instrument	Derivative financial instrument
Change in fair value used for measuring ineffectiveness for the year	(32.61)	(98.01)

(₹ in Millions)

Impact of hedging item	FY 2019-20	FY 2018-19
Change in fair value	(32.61)	(98.01)
Cash flow hedge reserve	(32.61)	(98.01)
Cost of hedging	-	-

(₹ in Millions)

Effect of Cash flow hedge	FY 2019-20	FY 2018-19
Total hedging gain / (loss) recognised in OCI	(32.61)	(98.01)
Ineffectiveness recognised in profit or (loss)	-	-

NOTE 6. RECEIVABLES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Trade receivables		
Receivables considered good - unsecured	181.60	268.28
Total - gross	**181.60**	**268.28**
Less: Impairment loss allowance	-	-
Total	**181.60**	**268.28**

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.

(₹ in Millions)

Particulars		Good	Doubtful	Loss	Total
ECL		-	-	-	
March 31, 2020	Gross carrying amount	181.60	-	-	181.60
	ECL - Simplified approach	-	-	-	-
	Net carrying amount	**181.60**	**-**	**-**	**181.60**
March 31, 2019	Gross carrying amount	268.28	-	-	268.28
	ECL - Simplified approach	-	-	-	-
	Net carrying amount	**268.28**	**-**	**-**	**268.28**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

Reconciliation of impairment allowance on trade receivables:

Particulars	(₹ in Millions)
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	**-**
Add: Addition during the year	-
(Less): Reduction during the year	-
Impairment loss allowance as at March 31, 2020	**-**

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 7. LOANS

(₹ in Millions)

Particulars	As at March 31, 2020		
	Amortised cost 1	FVTOCI* 2	Total (3=1+2)
Loans			
(A)			
(i) Term loans	101,489.76	30,000.00	131,489.76
Total (A) - Gross	**101,489.76**	**30,000.00**	**131,489.76**
Less: Impairment loss allowance (Refer Note 7.1 below)	(1,895.57)	(137.44)	(2,033.01)
Total (A) - Net	**99,594.19**	**29,862.56**	**129,456.75**
(B)			
(i) Secured by tangible assets	99,954.66	30,000.00	129,954.66
(ii) Unsecured	1,535.10	-	1,535.10
Total (B) - Gross	**101,489.76**	**30,000.00**	**131,489.76**
Less: Impairment loss allowance	(1,895.57)	(137.44)	(2,033.01)
Total (B) - Net	**99,594.19**	**29,862.56**	**129,456.75**
(C)			
Loans in India	**101,489.76**	**30,000.00**	**131,489.76**
(i) Public sector	-	-	-
(ii) Others	101,489.76	30,000.00	131,489.76
Less: Impairment loss allowance	(1,895.57)	(137.44)	(2,033.01)
Total (C) - Net	**99,594.19**	**29,862.56**	**129,456.75**

(₹ in Millions)

Particulars	As at March 31, 2019		
	Amortised cost 1	FVTOCI* 2	Total (3=1+2)
Loans			
(A)			
(i) Term loans	100,388.24	35,000.00	135,388.24
Total (A) - Gross	**100,388.24**	**35,000.00**	**135,388.24**
Less: Impairment loss allowance	(1,092.64)	(120.91)	(1,213.55)
Total (A) - Net	**99,295.60**	**34,879.09**	**134,174.69**
(B)			
(i) Secured by tangible assets	100,383.24	35,000.00	135,383.24
(ii) Unsecured	5.00	-	5.00
Total (B) - Gross	**100,388.24**	**35,000.00**	**135,388.24**
Less: Impairment loss allowance	(1,092.64)	(120.91)	(1,213.55)
Total (B) - Net	**99,295.60**	**34,879.09**	**134,174.69**
(C)			
(I) Loans in India	**100,388.24**	**35,000.00**	**135,388.24**
(i) Public sector	-	-	-
(ii) Others	100,388.24	35,000.00	135,388.24
Less: Impairment loss allowance	(1,092.64)	(120.91)	(1,213.55)
Total (C) - Net	**99,295.60**	**34,879.09**	**134,174.69**

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

* 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 ₹ 32.73 Millions (as at March 31, 2019, ₹ 19.43 Millions) in respect of which the creation of security is under process.

Note 7.1:

The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Company has provided a moratorium of three months on the payment of instalments falling due between March 1, 2020 and May 31,2020 to eligible borrowers.

For all such loan asset accounts classified as standard and overdue as on February 29, 2020, where the moratorium is granted, the asset classification, both as per the NHB's Income Recognition and Asset Classification norms and for determining the staging of such assets to determine the expected credit loss allowance as per the model approved by the Board of Directors of the Company, will remain at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification). On May 22, 2020, the RBI has extended the Moratorium Period by further three months.

In assessing the recoverability of loans, receivables, and investments, the Company has considered both internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Accordingly, the Company has recognised an additional impairment of loans of ₹ 536.64 Millions. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. In addition, while assessing the liquidity situation, the Company has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for the current events. Given the uncertainty over the potential macro-economic condition, the ultimate outcome of impact of the said global health pandemic may be different from those estimated as on the date of approval of these financial results. The Company will continue to monitor any material changes to the future economic conditions.

The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets and any changes in the estimates arising from the future events will be recognised in the respective period.

NOTE 8. INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
	FVTPL	FVTPL
(A)		
Debt securities	-	-
Equity instruments	378.52	-
Total – Gross (A)	**378.52**	**-**
(B)		
(i) Investments in India	378.52	-
Total (B)	**378.52**	**-**
Total (A) to tally with (B)		
(C)		
Less: Impairment loss allowance	-	-
Total- Net (A-C)	**378.52**	**-**

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

Note 8.1 Investment Details Script Wise

(₹ in Millions)

Particulars	As at March 31, 2020		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Millions)
Equity instruments			
SBI Cards and Payment Services Limited	611,849	10	378.52

(₹ in Million)

Particulars	As at March 31, 2019		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Millions)
Equity instruments			
	-	-	-

NOTE 9. OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposit for rented premises		
- Unsecured, considered good	20.59	20.12
- Unsecured, considered doubtful	8.09	8.29
Less: Provisions (Refer Note 9.1 below)	(8.09)	(8.29)
Interest strip asset on assignment	1,214.15	1,060.07
Other receivables	21.40	59.34
Total	**1,256.14**	**1,139.53**

Note 9.1. Provision on Security Deposits

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening provision	8.29	-
Additions	0.63	8.29
Reductions	(0.83)	-
Closing provision	**8.09**	**8.29**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 10. DEFERRED TAX ASSETS (NET)

Significant components of deferred tax assets and liabilities as at March 31, 2020 are as follows:

(₹ in Millions)

Particulars	Opening balance	Transfer In *{Refer note (a) below}*	Effect of Rate Change*	Recognised in Statement of Profit and Loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:						
Property, plant and equipment	2.55	-	(0.71)	2.01	-	3.85
Provisions, allowances for doubtful receivables and loans	372.36	69.06	(123.50)	118.74	-	436.66
Provision for employee benefits	16.91	-	(4.73)	9.86	1.39	23.43
MTM on derivative financial instruments	147.23	-	(41.19)	-	(68.23)	37.81
Ind AS 116	-	-	-	3.81	-	3.81
Short Term Capital Loss	-	-	-	21.00	-	21.00
Expenses deductible in future years	5.20	-	(1.45)	2.70	-	6.45
Total deferred tax assets (A)	**544.25**	**69.06**	**(171.58)**	**158.12**	**(66.84)**	**533.01**
Deferred tax liabilities:						
Provision for 36(1)(viia)	(16.11)	-	4.51	11.60	-	-
Amortized Income to future years	(208.06)	7.97	55.97	(52.29)	-	(196.41)
Total deferred tax liabilities (B)	**(224.17)**	**7.97**	**60.48**	**(40.69)**	**-**	**(196.41)**
Deferred tax assets (A+B)	**320.08**	**77.03**	**(111.10)**	**117.43**	**(66.84)**	**336.60**

** Refer note (b) below*

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

(₹ in Millions)

Particulars	Opening balance	Transfer In	Effect of Rate Change	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)
Amortized 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**

a. Transfer in during the year refers to the impact of deferred taxes on the purchase of mortgage loan portfolio from India Infoline Finance Limited (then holding Company of the Company) w.e.f. June 30, 2019. India Infoline Finance Limited merged into the ultimate holding Company IIFL Finance Limited (Formerly known as IIFL Holdings Limited) w.e.f. March 30, 2020.

b. The recently promulgated Taxation Laws (Amendment) Ordinance 2009 has inserted section 115BAA in the income Tax Act 1961 providing existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge & cess. The reduced tax rates come with the consequential surrender of specified deductions & incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income tax Act 1961 for assessment year (AY) 20-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These financial statements are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax assets (net) has been measured at the lower rate, with a one-time corresponding charges of ₹ 111.10 Millions to the Statement of Profit & Loss.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

(₹ in Millions)

Particulars	Freehold Land	Buildings (Including Land)	Furniture & Fixture	Office Equipment	Electrical Equipment	Computers	Total
As at March 31, 2018	**0.86**	**-**	**9.81**	**4.26**	**4.35**	**16.41**	**35.69**
Additions	-	-	5.07	2.77	3.10	31.35	**42.29**
Deductions/Adjustments	-	-	1.22	0.32	0.37	1.55	**3.46**
As at March 31, 2019	**0.86**	**-**	**13.66**	**6.71**	**7.08**	**46.21**	**74.52**
Additions	-	-	5.96	2.56	2.23	38.36	**49.11**
Deductions/Adjustments	-	-	2.62	1.17	0.83	29.85	**34.47**
As at March 31, 2020	**0.86**	**-**	**17.00**	**8.10**	**8.48**	**54.72**	**89.16**
Accumulated Depreciation							
As at March 31, 2018	**-**	**-**	**2.89**	**1.18**	**1.48**	**3.68**	**9.23**
Depreciation for the year	-	-	3.46	1.69	2.02	12.63	**19.80**
Deductions/Adjustments	-	-	0.43	-	0.16	0.29	**0.88**
As at March 31, 2019	**-**	**-**	**5.92**	**2.87**	**3.34**	**16.02**	**28.15**
Depreciation for the year	-	-	3.31	1.67	1.60	21.05	**27.63**
Deductions/Adjustments	-	-	1.51	0.68	0.55	12.60	**15.34**
As at March 31, 2020	**-**	**-**	**7.72**	**3.86**	**4.39**	**24.47**	**40.44**
Net Block as at March 31, 2019	**0.86**	**-**	**7.74**	**3.84**	**3.74**	**30.19**	**46.37**
Net Block as at March 31, 2020	**0.86**	**-**	**9.28**	**4.24**	**4.09**	**30.25**	**48.72**

NOTE 12. LEASES

During the year ended March 31, 2020 the Company has adopted Ind AS 116 – "Leases" with effect from April 01, 2019 and applied the standard to its leases retrospectively. In accordance with the requirements of the standard, the lease liability at the present value of remaining lease payments at the date of initial application i.e. April 01, 2019 has been recognised and "Right of use assets" has been recognised at an amount equal to the "Lease liability" as at that date. In the Statement of Profit and Loss for the current period, the nature of expenses in respect of leases has changed from lease rent in previous periods to depreciation cost for "Right of use lease assets" and interest accrued on "Lease liability". The Company has not restated the comparative information in this respect.

Statement showing movement in lease liabilities

(₹ in Millions)

Particulars	Premises	Vehicle	Total
April 01, 2019	**-**	**-**	**-**
Add/(less): contracts reassessed as lease contracts	237.50	21.41	**258.91**
Add/(less): adjustments on account of extension/termination	-	-	**-**
As at April 01, 2019	**237.50**	**21.41**	**258.91**
Additions	46.09	2.20	**48.29**
Deductions/Adjustments	8.28	1.47	**9.75**
Finance cost accrued during the period	20.86	1.59	**22.45**
Payment of lease liabilities	56.78	9.63	**66.41**
Translation Difference	-	-	**-**
As at March 31, 2020	**239.39**	**14.10**	**253.49**

Statement showing carrying value of right of use assets

(₹ in Millions)

Particulars	Premises	Vehicle	Total
As at April 01, 2019	**237.50**	**21.41**	**258.91**
Additions	46.09	2.20	**48.29**
Deductions/Adjustments	7.94	1.48	**9.42**
Depreciation	50.54	8.89	**59.43**
As at March 31, 2020	**225.11**	**13.24**	**238.35**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

Statement showing break up value of the Current and Non - Current Lease Liabilities

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Current lease liabilities	50.98	-
Non- Current lease liabilities	202.51	-

Statement showing contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Due for		
Up to One year	69.10	-
One year to Two years	61.44	-
Two to Five years	125.37	-
More than Five years	64.55	-
Total	**320.46**	**-**

Statement showing amount recognised in Statement of Profit and Loss:

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Interest on lease liabilities	22.45	-
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	2.37	-
Total	**24.82**	**-**

Statement showing amount recognised in Statement of Cash Flows:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Total cash outflow for leases	66.41	-

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

(₹ in Millions)

Particulars	Computer Software
As at March 31, 2018	**4.72**
Additions	3.60
Deductions/Adjustments	-
As at March 31, 2019	**8.32**
Additions	1.51
Deductions/Adjustments	-
As at March 31, 2020	**9.83**
Accumulated Depreciation	
As at March 31, 2018	**2.05**
Depreciation For the year	2.98
Deductions/Adjustments	-
As at March 31, 2019	**5.03**
Depreciation For the year	1.86
Deductions/Adjustments	-
As at March 31, 2020	**6.89**
Net Block as at March 31, 2019	**3.29**
Net Block as at March 31, 2020	**2.94**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 14. OTHER NON FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advance	0.53	0.52
Prepaid Expenses	15.50	15.51
Others	6.86	13.36
Assets held for sale (Refer Note a below)	111.83	-
Total	**134.72**	**29.39**

a. Asset in the form of real estate property received upon final settlement of the loan is recorded as non-current assets held for sale. Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

Note 15. Trade Payables

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
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	7.32	3.49
-Accrued Salaries and Benefits	0.05	40.78
-Provision for expenses	262.75	381.42
-Other Trade payables	0.37	12.11
Total	**270.49**	**437.80**

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, 2006 (MSMED) on the basis of confirmations sought from suppliers on registration with the specified authority under MSMED:

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-	-

No interest has been paid / is payable by the Company during the year to the Suppliers registered under this Act.

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 16. DEBT SECURITIES

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
Secured:		
Non-convertible debentures - (Refer Note (a), (b) and 16.1)	20,658.69	22,181.33
Less : Unamortised Debenture Issue Expenses	(18.87)	(26.40)
Total (A)	**20,639.82**	**22,154.93**
Unsecured:		
Commercial Paper - (Refer Note 16.1)	-	6,100.00
Less : Discount on Commercial Paper (Refer Note (c))	-	(66.38)
Total (B)	**-**	**6,033.62**
Debt securities in India	20,639.82	28,188.55
Debt securities outside India	-	-
Total (A+B)	**20,639.82**	**28,188.55**

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 1,406.25 Millions (May 15, 2020 and every six months thereafter), ₹ 150.00 Millions (from December 20, 2023) and ₹ 150.00 Millions (from March 20, 2024) {as at March 31, 2019 ₹ 1,968.75 Millions (May 15, 2019 and every six months thereafter), ₹ 150.00 Millions (from December 20, 2023) and ₹ 150.00 Millions (from March 20, 2024)}

c. Unexpired discount on Commercial Paper is net of ₹ Nil/- (As at March 31, 2019 ₹ 59.13 Millions) towards discount accrued but not due.

Note 16.1 - Terms of repayment

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Secured NCD (A)	**8,381.25**		**8,486.52**	
Fixed:	**4,975.00**		**6,486.52**	
More than 5 years	3,300.00	9.18% - 10.33%	300.00	10.05% -10.33%
3- 5 Years	-	-	281.25	8.61%
1-3 Years	550.00	8.90% - 9.38%	2,930.77	8.61% -9.87%
Less than 1 year	1,125.00	8.65% - 9.87%	2,974.50	7.50% -9.50%
Floating:	**3,406.25**		**2,000.00**	
More than 5 years	-	-	-	-
3- 5 Years	-	-	-	-
1-3 Years	2,843.75	8.56% - 9.85%	2,000.00	9.20%
Less than 1 year	562.50	8.56%	-	-
Secured Zero Coupon (B)	**12,277.44**		**13,694.81**	
More than 5 years	-	-	701.89	9.12% -10.30%
3- 5 Years	701.89	9.12% - 10.30%	1,970.00	9.35% - 9.55%
1-3 Years	6,645.55	8.20% - 10.20%	10,479.92	8.10% - 10.20%
Less than 1 year	4,930.00	8.10% - 9.40%	543.00	8.10% - 9.55%
Unsecured Commercial Paper (C)	**-**		**6,100.00**	
Fixed:				
Less than 1 year	-	-	6,100.00	8.70% - 8.95%
Total (A+B+C)	**20,658.69**		**28,281.33**	

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

Note 16.2 - Security wise details

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2020	As at March 31, 2019
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A10 Option Ii. Date Of Maturity 15/07/2019	9.50%	-	163.00
9.50% Secured Redeemable Non-Convertible Debentures. Series A10 Option I. Date Of Maturity 22/07/2019	9.50%	-	1,600.00
8.056% Secured Listed Redeemable Non Convertible Debentures. Series B8 Option A. Date Of Maturity 01/08/2019	8.10%	-	250.00
7.50% Secured Listed Redeemable Non Convertible Debentures. Series B6. Date Of Maturity 05/09/2019	7.50%	-	300.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B2 Option Ii. Date Of Maturity 08/10/2019	9.15%	-	80.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option Iii. Date Of Maturity 12/11/2019	8.85%	-	50.00
8.10% Secured Listed Redeemable Non Convertible Debentures. Series B7. Date Of Maturity 21/11/2019	8.10%	-	512.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C5. Date Of Maturity 06/04/2020	9.20%	350.00	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
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A13. Date Of Maturity 20/04/2020	9.40%	2,500.00	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option I. Date Of Maturity 12/05/2020	8.85%	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
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B5. Date Of Maturity 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%	625.00	753.33
9.87% Secured Rated Listed Redeemable Non Convertible Debentures. Series C10. Date Of Maturity 20/11/2020	9.87%	500.00	502.45
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B8 Option B. Date Of Maturity 06/04/2021	8.20%	270.60	298.96
Zero Coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option B. Date Of Maturity 30/04/2021	8.70%	532.56	532.56
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 1. Date Of Maturity 19/05/2021	9.25%	500.00	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	260.00
IDFC MCLR Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series B11. Date Of Maturity 28/06/2021	9.85%	2,000.00	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	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	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	250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C4. Date Of Maturity 11/08/2021	9.35%	987.80	987.80
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C9. Date Of Maturity 26/10/2021	10.20%	100.00	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
9.38% Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 3. Date Of Maturity 24/01/2022	9.38%	500.00	500.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity 04/04/2022	9.45%	240.00	240.00

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2020	As at March 31, 2019
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity 21/04/2022	9.35%	334.00	1,150.00
8.61% Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity 13/05/2022	8.56%	1,406.25	1,968.75
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity 29/09/2022	9.55%	580.00	580.00
G- Sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date Of Maturity 25/04/2024	9.12%	501.89	501.89
G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date Of Maturity 27/06/2024	10.30%	200.00	200.00
10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Maturity Date - 19/12/2025	10.33%	150.00	150.00
10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Maturity Date : 20/03/2026	10.05%	150.00	150.00
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - 03/10/2029	9.18%	3,000.00	-
Total		**20,658.69**	**22,181.33**

NOTE 17. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
Secured:		
(a) Term loans		
(i) from Banks (Refer Note (a), (b) and 17.1)	68,136.62	63,604.93
Less: Prepaid Expenses	(139.37)	(145.87)
(ii) from NHB (Refer Note (a), (b) and 17.2)	19,485.06	15,835.32
(b) Securitisation Liability (Refer Note 17.3)	6,408.61	4,388.06
(c) Cash credit / Overdraft from Banks (Refer Note (a), (b) and 17.3)	480.00	1,495.90
Total	**94,370.92**	**85,178.34**
Borrowings in India	90,635.66	81,763.49
Borrowings outside India	3,735.26	3,414.85
Total	**94,370.92**	**85,178.34**

a. Out of the total borrowing from Banks, borrowings amounting to ₹ 5,039.31 Millions (March 31, 2019 ₹ 8,592.36 Millions) and Refinance Facility from NHB amounting to ₹ 12,485.06 Millions (March 31, 2019 ₹ 15,835.32 Millions) are also guaranteed by IIFL Finance Limited (Formerly known as IIFL Holdings Limited) being the Holding Company.

b. The term loans and cash credits from banks and term loans from 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.

Note 17.1 - Terms of repayment of Term Loans from Banks

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Floating:				
More than 5 years	3,723.38	9.10% - 9.50%	-	
3- 5 Years	12,787.11	8.40% - 10.05%	16,807.15	8.45% - 10.00%
1-3 Years	31,639.13	8.20% - 10.05%	32,772.84	8.45% - 10.20%
Less than 1 year	19,987.00	8.00% - 10.05%	14,024.94	8.45% - 9.95%
Total	**68,136.62**		**63,604.93**	

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

Note 17.2 - Terms of repayment of term loans from NHB

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Fixed:				
More than 5 years	6,425.64	4.86% - 8.95%	7,792.08	4.61% - 9.95%
3- 5 Years	5,302.38	4.61% - 8.95%	3,078.69	4.61% - 9.95%
1-3 Years	5,618.60	4.61% - 8.95%	3,309.70	4.61% - 9.95%
Less than 1 year	2,138.44	4.61% - 8.95%	1,654.85	4.61% - 9.95%
Total	**19,485.06**		**15,835.32**	

Note 17. 3 - Terms of repayment of other loans

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Floating:				
Cash credit / Overdraft from Banks (A)				
Less than 1 year	480.00	8.50% - 10.00%	1,495.90	8.70% -13.65%
Securitisation Liability (B)				
More than 5 years	4,721.06	7.25% - 9.25%	3,015.53	7.25% - 7.90%
3- 5 Years	743.63	7.25% - 9.25%	611.56	7.25% - 7.90%
1-3 Years	656.89	7.25% - 9.25%	521.08	7.25% - 7.90%
Less than 1 year	287.03	7.25% - 9.25%	239.89	7.25% - 7.90%
Sub-Total - Securitisation Liability	**6,408.61**		**4,388.06**	
Total (A+B)	**6,888.61**		**5,883.96**	

Note 18. Subordinated liabilities

(₹ in Millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
Non-convertible debentures - Unsecured	4,435.16	6,435.16
Less : Unamortised Debenture Issue Expenses	(45.75)	(57.92)
Total	**4,389.41**	**6,377.24**
Subordinated Liabilities in India	4,389.41	6,377.24
Subordinated Liabilities outside India	-	-
Total	**4,389.41**	**6,377.24**

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, 2019 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)}.

Note 18.1 - Terms of repayment of Subordinated Debt

(₹ in Millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Amount	Rate of Interest / Yield	Amount	Rate of Interest / Yield
Fixed:				
More than 5 years	1,550.00	8.85% - 9.85%	1,550.00	8.85% - 9.85%
3- 5 Years	1,150.00	8.93% - 9.30%	1,150.00	8.93% - 9.30%
1-3 Years	470.00	9.30% - 10.50%	2,268.58	9.30% - 12.00%
Zero Coupon:			-	
More than 5 years	1,265.16	9.40%	1,265.16	9.40%
3- 5 Years	-	-	-	-
1-3 Years	-	-	201.42	12.00%
Total	**4,435.16**		**6,435.16**	

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

Note 18.2 - Security wise details

(₹ in Millions)

Particulars	Coupon/ Yield	As at March 31, 2020	As at March 31, 2019
12% Unsecured Subordinate Non Convertible Debentures. Option I. Date Of Maturity 02/04/2020	12.00%	-	1,798.58
Unsecured Subordinate Non Convertible Debentures. Option Ii. Date Of Maturity 02/04/2020	12.00%	-	201.42
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo1. Date Of Maturity 26/07/2021	10.50%	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
9.30% Unsecured Subordinate Non Convertible Debentures. Series U03. Date Of Maturity 25/01/2022	9.30%	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
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
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	400.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date Of Maturity 13/07/2028	9.85%	300.00	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	1,265.16
Total		**4,435.16**	**6,435.16**

NOTE 19. OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	3,745.12	3,125.34
Temporary overdrawn bank balance as per books	-	3,862.93
Unclaimed interest and redemption proceeds of NCDs	1,070.55	9.74
Other Payables*	1,580.11	1,641.56
Payable to Group/Holding Company	23.29	39.64
Provision for Gratuity (Refer 30.2)	11.60	2.74
Total	**6,430.67**	**8,681.95**

*Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ Nil/- (as at March 31, 2019 ₹ 0.24 Millions)

No Amount was due for 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, 2020	As at March 31, 2019
Provisions for Employee Benefits		
-Provision for Leave Encashment	36.80	33.87
-Provision for Bonus	111.70	95.80
ECL Provision on Sanctioned but un-disbursed cases	30.08	37.17
Total	**178.58**	**166.84**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 21. OTHER NON FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory remittances	48.25	91.13
Advances from customers	116.45	283.05
Income received in advance	46.05	124.26
Total	**210.75**	**498.44**

Note 22 A. Equity

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

Share Capital:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
152,000,000 Equity Shares of ₹ 10/- each with voting rights (as at March 31, 2019 - 152,000,000)	1,520.00	1,520.00
20,000,000 Preference Shares of ₹ 10/- each (as at March 31, 2019 20,000,000)	200.00	200.00
Total	**1,720.00**	**1,720.00**
Issued, Subscribed and Paid Up		
Equity Share Capital		
20,968,181 Equity Shares of ₹ 10/- each fully paid-up (as at March 31, 2019 20,968,181)	209.68	209.68
Total	**209.68**	**209.68**

All the above equity shares are held by IIFL Finance Limited (Formerly Known as IIFL Holdings Limited) and its nominees.

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

(₹ in Millions)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	20.97	209.68	19.97	199.68
Add: Issued during the year	-	-	1.00	10.00
Outstanding at the end of the year	**20.97**	**209.68**	**20.97**	**209.68**

(c) Terms/rights attached to equity shares:

The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

(d) Details of shareholders holding more than 5% shares in the Company:

(₹ in Millions)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% holding	No. of shares	% holding
Equity shares of 10 each fully paid				
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited) and its nominees	20.97	100.00%	20.97	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) The amount received in excess of face value of the equity shares is recognised in Securities Premium. During the previous 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 Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

22 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	Total
						Effective portion of Cash Flow Hedges	
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)	-	-	-	-	(9.34)	-	**(9.34)**
Equity Dividend	-	-	-	-	(41.94)	-	**(41.94)**
Dividend Distribution Tax	-	-	-	-	(8.61)	-	**(8.61)**
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**
Profit for the year	-	-	-	-	2,449.22	-	**2,449.22**
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax)	-	-	-	-	-	(32.61)	**(32.61)**
Remeasurement of defined benefit (Net of Tax)	-	-	-	-	(4.12)	-	**(4.12)**
Equity Dividend	-	-	-	-	(314.52)	-	**(314.52)**
Dividend Distribution Tax	-	-	-	-	(64.65)	-	**(64.65)**
Transfer to General Reserve	-	500.00	-	(500.00)	-	-	**-**
Transfer to Special Reserve	-	-	493.00	-	(493.00)	-	**-**
Transfer to Debenture Redemption Reserve	-	-	-	83.25	(83.25)	-	**-**
Additions during the year (Net)	-	-	-	-	-	-	**-**
Balance as at March 31, 2020	**7,991.57**	**1,438.60**	**2,068.70**	**-**	**6,422.21**	**(130.62)**	**17,790.46**

NOTE 23. INTEREST INCOME

(₹ in Millions)

Particulars	FY 2019-20		
	On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Interest on Loans	3,620.31	12,371.25	15,991.56
Interest on inter corporate deposits	-	220.39	220.39
Interest on deposits with Banks	-	146.08	146.08
Total	**3,620.31**	**12,737.72**	**16,358.03**

(₹ in Millions)

Particulars	FY 2018-19		
	On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Interest on Loans	3,339.14	12,798.37	16,137.51
Interest on inter corporate deposits		1.71	1.71
Interest on deposits with Banks	-	145.69	145.69
Total	**3,339.14**	**12,945.77**	**16,284.91**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 24. FEES AND COMMISSION INCOME

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Administration fee & other charges from customers	548.44	497.93
Insurance Commission	71.50	189.62
Total	**619.94**	**687.55**

NOTE 25. NET GAIN ON FAIR VALUE CHANGES

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Net gain on financial instruments at FVTPL		
On trading portfolio		
- Investments	172.40	227.39
Total Net gain on fair value changes	**172.40**	**227.39**
Fair Value changes:		
-Realised	255.83	227.39
-Unrealised	(83.43)	-
Total Net gain on fair value changes	**172.40**	**227.39**

NOTE 26. NET GAIN / (LOSS) ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Assignment of Loans	176.89	280.71
Bad debts written off (Net)	(764.25)	(179.57)
Total	**(587.36)**	**101.14**

NOTE 27. OTHER INCOME

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Others		
Advisory and fee based income	601.57	976.79
Total	**601.57**	**976.79**

NOTE 28. FINANCE COST

(₹ in Millions)

Particulars	On Financial liabilities measured at Amortised Cost	
	FY 2019-20	FY 2018-19
Interest on inter-corporate deposits	0.98	-
Interest on borrowings (other than debt securities)	7,708.87	6,053.30
Interest on debt securities	2,281.06	4,225.48
Interest on subordinated liabilities	680.62	604.35
Other interest expense		
Interest on lease liabilities	22.45	-
Other borrowing cost Note 1	129.06	139.42
Total	**10,823.04**	**11,022.55**

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

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Other Borrowing Cost	129.06	139.42
Revaluation Gain on Foreign currency loan	(138.55)	(176.08)
Recognised in Other Comprehensive Income	138.55	176.08
Total Other Borrowing Cost	**129.06**	**139.42**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 29. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Millions)

Particulars	FY 2019-20		
	On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Loans	16.53	455.25	471.78
Total	**16.53**	**455.25**	**471.78**

(₹ in Millions)

Particulars	FY 2018-19		
	On Financial Assets measured at		
	FVTOCI	Amortised Cost	Total
Loans	48.06	(32.52)	15.54
Total	**48.06**	**(32.52)**	**15.54**

NOTE 30. EMPLOYEE BENEFITS EXPENSES

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Salaries and wages	1,541.27	1,746.49
Contribution to provident and other funds (Refer Note 30.1)	58.14	50.63
Leave Encashment	14.49	23.71
Gratuity (Refer Note 30.2)	16.11	8.19
Staff welfare expenses	34.64	39.15
Share Based Payments to employees	31.66	27.32
Total	**1,696.31**	**1,895.49**

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 2019-20	FY 2018-19
Contribution to Provident fund	29.73	23.86
Contribution to ESIC	4.42	7.48
Contribution to Labour Welfare Fund	0.21	0.07
Company contribution to EPS	23.09	19.22
Company contribution to NPS & IVTB	0.69	-
Total	**58.14**	**50.63**

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

Particulars	FY 2019-20	FY 2018-19
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	01-04-19	01-04-18
Date of Reporting	31-03-20	31-03-19
Period of Reporting	12 Months	12 Months

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

Assumptions (Current Year)

Particulars	FY 2019-20	FY 2018-19
Expected Return on Plan Assets	6.84%	7.59%
Rate of Discounting	6.84%	7.59%
Rate of Salary Increase	9.00%	10.00%
Rate of Employee Turnover	For service 4 years and below 27% p.a. & thereafter 1% p.a.	For service 4 years and below 29% 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 2019-20	FY 2018-19
Present Value of Benefit Obligation at the Beginning of the Year	51.29	26.44
Interest Cost	3.89	2.04
Current Service Cost	15.91	8.26
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	0.77	0.14
Liability Transferred Out/ Divestment	(0.19)	(0.04)
Benefit Paid Directly by the Employer	(0.27)	-
Benefit Paid From the Fund	(1.80)	(0.10)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	1.39	(0.57)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.67)	14.51
Actuarial (Gains)/Losses on Obligations - Due to Experience	3.64	0.61
Present Value of Benefit Obligation at the End of the Year	**73.96**	**51.29**

Table Showing Change in the Fair Value of Plan Assets

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Fair Value of Plan Assets at the Beginning of the Year	48.55	27.44
Interest Income	3.69	2.12
Contributions by the Employer	13.06	18.90
Benefit Paid from the Fund	(1.80)	(0.10)
Return on Plan Assets, Excluding Interest Income	(1.14)	0.20
Fair Value of Plan Assets at the End of the Year	**62.36**	**48.55**

Amount Recognised in the Balance Sheet

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Present Value of Benefit Obligation at the end of the Year	(73.96)	(51.29)
Fair Value of Plan Assets at the end of the Year	62.36	48.55
Funded Status Surplus/ (Deficit)	(11.60)	(2.74)
Net (Liability)/Asset Recognised in the Balance Sheet	**(11.60)**	**(2.74)**

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

Net Interest Cost for Current Year

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Present Value of Benefit Obligation at the Beginning of the Year	51.29	26.44
Fair Value of Plan Assets at the Beginning of the Year	(48.55)	(27.44)
Net Liability/(Asset) at the Beginning of the Year	**2.74**	**(1.00)**
Interest Cost	3.89	2.04
Interest Income	(3.68)	(2.12)
Net Interest Cost for Current Year	**0.21**	**(0.08)**

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

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Current Service Cost	15.90	8.27
Net Interest Cost	0.21	(0.08)
Past Service Cost	-	-
Expenses Recognised	**16.11**	**8.19**

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

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Actuarial (Gains)/Losses on Obligation For the Year	4.37	14.55
Return on Plan Assets, Excluding Interest Income	1.14	(0.20)
Net (Income)/Expense For the Year Recognised in OCI	**5.51**	**14.35**

Balance Sheet Reconciliation

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Net Liability	2.74	(1.00)
Expenses Recognised in Statement of Profit and Loss	16.11	8.19
Expenses Recognised in OCI	5.51	14.35
Net Liability/(Asset) Transfer In	0.77	0.14
Net (Liability)/Asset Transfer Out	(0.20)	(0.04)
Benefit Paid Directly by the Employer	(0.27)	-
Employer's Contribution	(13.06)	(18.90)
Net Liability/(Asset) Recognised in the Balance Sheet	**11.60**	**2.74**

Category of Assets

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	62.36	48.55
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**62.36**	**48.55**

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".

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

Other Details

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Prescribed Contribution For Next Year (12 Months)	29.55	18.64

Net Interest Cost for Next Year

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Present Value of Benefit Obligation at the End of the Year	73.96	51.29
Fair Value of Plan Assets at the End of the Year	(62.36)	(48.55)
Net Liability/(Asset) at the End of the Year	**11.60**	**2.74**
Interest Cost	5.06	3.89
Interest Income	(4.27)	(3.68)
Net Interest Cost for Next Year	**0.79**	**0.21**

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

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Current Service Cost	17.95	15.90
Net Interest Cost	0.79	0.21
Expected Contributions by the Employees	-	-
Expenses Recognised	**18.74**	**16.11**

Maturity Analysis of the Benefit Payments: From the Fund

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Projected Benefits Payable in Future Years From the Date of Reporting	-	-
1st Following Year	0.93	0.93
2nd Following Year	0.64	0.41
3rd Following Year	0.73	0.49
4th Following Year	0.85	0.56
5th Following Year	0.94	0.65
Sum of Years 6 To 10	7.01	4.48
Sum of Years 11 and above	292.78	252.51

Sensitivity Analysis

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Projected Benefit Obligation on Current Assumptions	73.96	51.29
Delta Effect of +1% Change in Rate of Discounting	(12.16)	(8.59)
Delta Effect of -1% Change in Rate of Discounting	15.16	10.75
Delta Effect of +1% Change in Rate of Salary Increase	11.80	8.48
Delta Effect of -1% Change in Rate of Salary Increase	(10.40)	(7.33)
Delta Effect of +1% Change in Rate of Employee Turnover	(2.50)	(2.18)
Delta Effect of -1% Change in Rate of Employee Turnover	2.89	2.50

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.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

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 recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.
Salary escalation & attrition rate are 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.
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.

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

NOTE 31. OTHER EXPENSES

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Advertisement*	22.94	21.02
Books & Periodicals	0.09	0.18
Direct operating Expenses	107.35	174.57
Marketing Expenses	48.82	58.86
Bank Charges	20.82	4.41
Communication	14.99	14.95
Electricity	25.50	20.68
Exchange and Statutory charges	16.40	8.17
Legal & Professional Fees	191.53	195.70
Commission & Sitting Fees	3.71	2.60
Miscellaneous Expenses	2.75	1.69
Office Expenses	80.74	68.35
Postage & Courier	8.74	13.43
Printing & Stationary	9.83	11.76
Rates & Taxes	0.30	1.18
Rent (Refer note 12)	59.91	104.09
Repairs & Maintenance :		
- Computer	2.25	1.65
- Others	5.83	5.84
Remuneration to Auditors :		
Audit Fees	1.74	0.98
Certification Expenses	0.46	0.54
Out Of Pocket Expenses	0.58	0.88
Software Charges*	32.73	20.25
Subscription	0.03	0.44
Travelling & Conveyance	58.05	58.37
Corporate Social Responsibility (CSR) Expenses (Refer note 38)	63.48	36.05
Loss on sale of fixed assets	0.56	0.87
Total	**780.13**	**827.51**

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

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
For Software Charges	0.23	-
For Advertisement	-	4.34

NOTE 32. INCOME TAXES

Amounts recognised in the Statement of Profit and Loss

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Current tax expense		
Current year	855.10	1,434.00
Changes in estimates related to prior years	(8.63)	(8.40)
Deferred tax expense		
Origination and reversal of temporary differences	(6.33)	4.38
Total	**840.14**	**1,429.98**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Particulars	FY 2019-20		
	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	(5.51)	1.39	(4.12)
Items that will be reclassified to the Statement of Profit and Loss			
Cash Flow Hedge (Net)	(43.58)	10.97	(32.61)
Total	**(49.09)**	**12.36**	**(36.73)**

(₹ in Million)

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)
Items that will be reclassified to the Statement of Profit and Loss			
Cash Flow Hedge (Net)	(245.24)	147.23	(98.01)
Total	**(259.59)**	**152.24**	**(107.35)**

Reconciliation of total tax expense

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Profit before tax	**3,289.36**	**4,493.91**
Tax using the domestic tax rate	827.86	1,570.35
Reduction in tax rates	-	-
Tax effect of:		
Non-deductible expenses	13.31	12.54
Tax-exempt income (includes deduction u/s 80JJAA)	(105.52)	(207.54)
Income taxed at different rates	(0.94)	(1.18)
Income routed through OCI	-	61.53
Change in Tax Rate	111.10	-
Recognition of previously unrecognised deductible temporary differences	2.96	2.68
Adjustments for current tax for prior periods	(8.63)	(8.40)
Total income tax expense	**840.14**	**1,429.98**

NOTE 33. EXCEPTIONAL ITEMS

During the year ended March 31, 2020, the Company has purchased mortgage loan portfolio from India Infoline Finance Limited (then holding Company of the Company) w.e.f. June 30, 2019. India Infoline Finance Limited merged into the ultimate holding Company IIFL Finance Limited (Formerly known as IIFL Holdings Limited) w.e.f. March 30, 2020. Day one loss on recognition aggregating to ₹ 15.04 Millions has been recorded as an exceptional item.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 34. EARNINGS PER SHARE:

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

(₹ in Millions)

Particulars		FY 2019-20	FY 2018-19
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	2,449.22	3,063.93
Profit after tax as per Statement of Profit and Loss from Continuing Operations	B	2,449.22	3,063.93
Weighted Average Number of Equity Shares Outstanding	C	20.97	20.30
Basic EPS (In ₹) (i) Total operations	**A/C**	**116.81**	**150.91**
(ii) Continuing operations	**B/C**	**116.81**	**150.91**
DILUTED			
Weighted Average Number of Equity Shares for computation of basic EPS		20.97	20.30
Add: Potential Equity Shares on Account conversion of Employees Stock Options.		-	-
Weighted Average Number of Equity shares for computation of diluted EPS	D	20.97	20.30
Diluted EPS (In ₹) (i) Total operations	**A/D**	**116.81**	**150.91**
(ii) Continuing operations	**B/D**	**116.81**	**150.91**

NOTE 35. CAPITAL / OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE

a. Commitments: As at the balance sheet date there were undrawn credit commitments of ₹ 12,718.37 Millions (P.Y. ₹ 15,905.43 Millions) representing the loan amounts sanctioned but not disbursed.

b. Contingent Liabilities: ₹ Nil/- towards Legal Commitments (P.Y. ₹ 0.30 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 ₹ 1,868.12 Millions (P.Y. ₹ 1,322.91 Millions).

d. Guarantee: The Company has provided corporate Guarantee of ₹ 253.40 Millions (P.Y. ₹ 20.00 Millions).

NOTE 36. MINIMUM LEASE RENTAL AS AT MARCH 31, 2020

(₹ in Millions)

Minimum Lease Rentals	FY 2019-20	FY 2018-19
Due for		
Up to One year	-	11.36
One to Five years	-	15.74
Total	**-**	**27.10**

The effective date for adoption of Ind AS 116 "Leases", is annual period begining on or after April 01, 2019. Hence for the year ended March 31, 2020, contractual maturities of lease liabilities is provided under Note no 12 and for the year ended March 31, 2019, disclosure as per the old accounting regime is provided herewith.

NOTE 37. 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.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

NOTE 38. CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2019-20, the Company has spent ₹ 63.48 Millions (P.Y. ₹ 36.05 Millions) out of the total amount of ₹ 63.16 Millions (P.Y.₹ 36.04 Millions) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility. The aforementioned amount spent during the year has been contributed to India Infoline Foundation and others.

Note 39 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 organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross 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.

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 minimize the losses to the company.

The Company has initiated portfolio quality review mechanism which enables analysis of portfolio along various behavioural, demographic and financial parameters. Additionally, through tie-ups with external bureaus, an analysis of collection performance coupled with continuous credit assessment for various key segments is undertaken. The practices aid in proactive course correction thereby modifying credit or sourcing mechanisms, if required. Additionally, application scorecard has been developed enabling the Company to standardize credit underwriting & 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.

39 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, 2020				
	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	-	-	-	9,251.67	**9,251.67**
Bank Balance other than above	-	-	-	3,556.63	**3,556.63**
Receivables					
(i) Trade Receivables	-	-	-	181.60	**181.60**
Loans*	90,170.12	7,249.00	2,342.73	1,535.10	**101,296.95**
Other Financial assets	-	-	-	1,264.23	**1,264.23**

(₹ 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	-	-	-	8,068.42	**8,068.42**
Bank Balance other than above	-	-	-	1,968.94	**1,968.94**
Receivables					
(i) Trade Receivables	-	-	-	268.28	**268.28**
Loans*	94,064.52	4,991.22	1,345.18	-	**100,400.92**
Other Financial assets	-	-	-	1,147.82	**1,147.82**

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, Unsecured Inter Corporate Deposits to group companies and Other Financial Assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it 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.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

39 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.

39 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, 2020	As at March 31, 2019
Value of Modified Assets at the time of modification	-	3.28
Value of Modified Assets outstanding	-	3.76
Modification Gain/ Loss	-	(0.96)

The above modification is in accordance with the provisions defined in the The Housing Finance Companies (NHB) Directions, 2010' ("NHB Directions").

39 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	As at March 31, 2020			
	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, 2019	**628.63**	**176.56**	**445.53**	**1,250.72**
New loans disbursed/ Purchased in FY19-20	187.84	152.52	175.87	**516.23**
Loans closed/written off during the year	(89.09)	(14.72)	(212.53)	**(316.34)**
Stage same in both years- change in provisioning	101.76	87.98	85.99	**275.73**
Movement of stages due to asset reclassification	(6.62)	65.05	278.32	**336.75**
Closing ECL March 31, 2020	**822.52**	**467.39**	**773.18**	**2,063.09**

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Reconciliation of loss allowance	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	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**

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	As at March 31, 2020			
	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, 2019	**144,714.61**	**5,172.74**	**1,345.17**	**151,232.52**
New loans disbursed/ Purchased in FY19-20	34,191.67	1,959.34	462.53	**36,613.54**
Loans closed/written off during the year	(18,414.88)	(884.48)	(600.60)	**(19,899.96)**
Stage same in both years- change in provisioning	(25,128.52)	261.39	154.24	**(24,712.89)**
Movement of stages due to asset reclassification	(2,856.57)	918.25	981.38	**(956.94)**
Closing EAD March 31, 2020	**132,506.31**	**7,427.24**	**2,342.72**	**142,276.27**

(₹ in Millions)

Reconciliation of EAD	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	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 Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

39 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.

39 B.5 Contractual amount outstanding on financial assets that were written off during the reporting year

(₹ in Millions)

Particulars	FY 2019-20	FY 2018-19
Write off (net of recovery)	764.25	179.57

39 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)

Particulars	As at March 31, 2020	As at March 31, 2019
Stage 1	132,506.31	144,714.61
Stage 2	7,427.24	5,172.74
Stage 3	2,342.72	1,345.17
Total	**142,276.27**	**151,232.52**

39 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 defined Asset Liability Management (ALM) Framework with an organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Company seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

(i) Maturities of financial liabilities (Excluding unamortised issue and prepaid expenses)

(₹ in Millions)

Contractual maturities of financial liabilities As at March 31, 2020	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	150.27					150.27	-
Trade Payables	270.49	270.49	-	-	-	-	-
Financial Lease Obligation (Refer note (b) below)	320.46	17.06	17.34	34.70	106.75	80.06	64.55
Debt Securities	20,658.69	4,061.25	1,150.00	1,406.25	10,039.30	701.89	3,300.00
Borrowings (Other than Debt Securities)	94,510.28	4,773.44	6,694.19	11,136.83	38,202.61	18,833.12	14,870.09
Subordinated Liabilities	4,435.16	-	-	-	470.00	1,150.00	2,815.16
Other financial liabilities	6,430.67	4,618.83	428.02	21.64	1,085.21	78.16	198.81

(₹ 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	437.80	437.80	-	-	-	-	-
Financial Lease Obligation (Refer note (b) below)	-	-	-	-	-	-	-
Debt Securities	28,281.33	6,381.25	2,313.00	923.25	15,410.69	2,251.25	1,001.89
Borrowings (Other than Debt Securities)	85,324.21	2,986.84	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	8,681.95	6,571.41	338.36	57.35	1,531.76	101.69	81.38

Note:

a. 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.

b. Contractual maturities of financial lease obligation are on undiscounted basis.

(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, 2020	As at March 31, 2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,420.00	1,717.10
- Expiring beyond one year (bank loans and NCDs)	-	-

39 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 categorized as off-balance sheet item. Therefore market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

The Company's exposure to market risk is primarily on account of interest rate risk, foreign exchange risk and price risk.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

39 D.1 Interest rate risk

Total Borrowings of the Company are as follows:

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Floating rate borrowings	78,431.48	71,488.89
Fixed rate borrowings	41,172.66	48,551.81
Total borrowings	**119,604.14**	**120,040.70**

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, 2020			As at March 31, 2019		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans and bank overdrafts and Securitisation Liability	9.10%	75,025.23	62.73%	8.98%	69,488.89	57.89%
Non Convertible Debentures	9.32%	3,406.25	2.85%	9.20%	2,000.00	1.67%
Net exposure to cash flow interest rate risk		**78,431.48**	**65.58%**		**71,488.89**	**59.55%**

An analysis by maturities is provided in note 39(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, 2020			As at March 31, 2019		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Cross Currency Interest Rate Swaps	9.36%	3,769.29	3.15%	9.36%	3,458.57	2.88%

The Company had following floating rate loans and advances outstanding:

(₹ in Millions)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Loans and advances	11.87%	129,532.84	100.00%	11.90%	133,908.83	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 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Interest rates – increase by 30 basis points (30 bps)*	(176.08)	(139.52)	-	-
Interest rates – decrease by 30 basis points (30 bps)*	176.08	139.52	-	-

*Holding all other variables constant

Profit or loss is sensitive to higher/lower interest income from loans and advances as a result of changes in interest rates.

(₹ in Millions)

Particulars	Impact on profit after tax	
	FY 2019-20	FY 2018-19
Interest rates – increase by 30 basis points (30 bps)*	290.80	261.35
Interest rates – decrease by 30 basis points (30 bps)*	(290.80)	(261.35)

*Holding all other variables constant

39 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 D.3 Price Risk

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

(₹ in Millions)

Particulars	Equity Shares	Total
Market value as on March 31, 2020	378.52	**378.52**
Market value as on March 31, 2019	-	**-**

Sensitivity

The table below summarises the impact of increases/ decreases of the index on the Company's equity/ other assets and profit for the period. The analysis is based on the assumption that the instrument index has increased/ decreased by 5% with all other variables held constant.

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Increase by 5%	14.16	-	-	-
Decrease by 5%	(14.16)	-	-	-

40. 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.

40.1 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.

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

The following table shows an analysis of financial instruments recorded at Fair Value hierarchy:

(₹ in Millions)

Particulars	As at March 31, 2020		
	FVTPL	FVTOCI	Amortised cost
Financial assets			
Cash and cash equivalents	-	-	9,251.67
Bank Balance other than cash and cash equivalents	-	-	3,556.63
Receivables			
(i) Trade Receivables	-	-	181.60
Loans	-	29,862.56	99,594.19
Investments	378.52	-	-
Other Financial assets	-	-	1,256.14
Total financial assets	**378.52**	**29,862.56**	**113,840.23**
Financial liabilities			
Derivative financial instruments	-	150.27	-
Trade Payables	-	-	270.49
Financial Lease Obligation	-	-	253.49
Debt Securities	-	-	20,639.82
Borrowings (Other than Debt Securities)	-	-	94,370.92
Subordinated Liabilities	-	-	4,389.41
Other financial liabilities	-	-	6,430.67
Total financial liabilities	**-**	**150.27**	**126,354.80**

(₹ in Millions)

Particulars	As at March 31, 2019		
	FVTPL	FVTOCI	Amortised cost
Financial assets			
Cash and cash equivalents	-	-	8,068.42
Bank Balance other than cash and cash equivalents	-	-	1,968.94
Receivables			
(i) Trade Receivables	-	-	268.28
Loans	-	34,879.09	99,295.60
Investments	-	-	-
Other Financial assets	-	-	1,139.53
Total financial assets	**-**	**34,879.09**	**110,740.77**
Financial liabilities			
Derivative financial instruments	-	421.32	-
Trade Payables	-	-	437.80
Financial Lease Obligation	-	-	-
Debt Securities	-	-	28,188.55
Borrowings (Other than Debt Securities)	-	-	85,178.34
Subordinated Liabilities	-	-	6,377.24
Other financial liabilities	-	-	8,681.95
Total financial liabilities	**-**	**421.32**	**128,863.88**

Fair value of FVTOCI loans approximates the Carrying value of loans.

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

40.2 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. Quoted equity instruments are measured based on the last traded price in the recognised stock exchange and are classified as level 1.
2. 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.
3. 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, 2020**	Level 1	Level 2	Level 3	Total
Financial assets				
Loans - FVTOCI	-	-	29,862.56	29,862.56
Investments			-	
(i) Equity	378.52	-	-	378.52
Total financial assets	**378.52**	**-**	**29,862.56**	**30,241.08**
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	150.27	-	150.27
Total financial liabilities	**-**	**150.27**	**-**	**150.27**

(₹ 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	-	-	-	-
(ii) Equity	-	-	-	-
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**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2020	Fair value	Carrying value	Fair value hierarchy
Financial assets			
Cash and cash equivalents	9,251.67	9,251.67	-
Bank Balance other than cash and cash equivalents	3,556.63	3,556.63	-
Receivables			
(i) Trade Receivables	181.60	181.60	-
Loans	99,594.19	99,594.19	Level 3
Other Financial assets	1,256.14	1,256.14	-
Total financial assets	**113,840.23**	**113,840.23**	
Financial Liabilities			
Trade Payables	270.49	270.49	-
Financial Lease Obligation	253.49	253.49	Level 3
Debt Securities	20,353.31	20,639.82	Level 3
Borrowings (Other than Debt Securities)	94,370.92	94,370.92	Level 3
Subordinated Liabilities	4,206.11	4,389.41	Level 3
Other financial liabilities	6,430.67	6,430.67	-
Total financial liabilities	**125,884.99**	**126,354.80**	

(₹ 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	8,068.42	8,068.42	-
Bank Balance other than cash and cash equivalents	1,968.94	1,968.94	-
Receivables			
(i) Trade Receivables	268.28	268.28	-
Loans	99,295.60	99,295.60	Level 3
Other Financial assets	1,139.53	1,139.53	-
Total financial assets	**110,740.77**	**110,740.77**	
Financial Liabilities			
Trade Payables	437.80	437.80	-
Financial Lease Obligation	-	-	Level 3
Debt Securities	27,957.51	28,188.55	Level 3
Borrowings (Other than Debt Securities)	85,178.34	85,178.34	Level 3
Subordinated Liabilities	6,037.69	6,377.24	Level 3
Other financial liabilities	8,681.95	8,681.95	-
Total financial liabilities	**128,293.29**	**128,863.88**	

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.

(iii) **Financial Lease Obligation:** The carrying value of financial lease obligation has been considered as the fair value as the Company has initially measured the lease liability at the present value of lease payments using the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

40.3 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)

Securitisations	Loans - FVTOCI	
	As at March 31, 2020	As at March 31, 2019
Opening Balance	34,879.09	23,761.00
Sold during the year	(20,832.52)	(36,573.57)
Issuances	15,815.99	47,691.66
Closing Balance	**29,862.56**	**34,879.09**

40.4 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 2019-20	FY 2018-19
Carrying amount of derecognised financial assets	20,832.52	36,573.57
Gain from derecognition	460.87	552.79

40.5 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.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Securitisations	As at March 31, 2020	As at March 31, 2019
Carrying amount of transferred assets measured at amortised cost	6,408.61	4,388.06
Carrying amount of associated liabilities	6,408.61	4,388.06
Fair value of assets	6,408.61	4,388.06
Fair value of associated liabilities	6,408.61	4,388.06
Net position at FV	-	-

41 A. Related Party Disclosures as per Ind AS – 24 "Related Party Disclosure" for the year ended March 31, 2020

Nature of relationship	Name of Party
Holding company	IIFL Finance Limited (formerly known as IIFL Holdings Limited) (Refer note below)
Fellow Subsidiaries	Samasta Microfinance Limited
Other Related Parties (Due to common Promoter)	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)
	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
Key Management Personnel	Mr. Monu Ratra - Executive Director & CEO

List includes related parties with whom transactions were carried out during current or previous year.

The Company is a wholly owned subsidiary of IIFL Finance Limited (formerly known as IIFL Holdings Limited) w.e.f. March 30, 2020 (hereinafter referred to as the "Effective Date"). Prior to the Effective Date, the Company was a wholly owned subsidiary of India Infoline Finance Limited ("Amalgamating Company") which got amalgamated into IIFL Finance Limited (formerly known as IIFL Holdings Limited), ("Amalgamated Company") on April 01, 2018 (hereinafter referred to as "Appointed Date").

41 B. Significant transactions with related parties:

(₹ in Millions)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other related parties	Key Managerial Personnel	Total
Interest Income					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	129.94	-	-	-	129.94
	(24.67)	(-)	(-)	(-)	(24.67)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	38.96	-	38.96
	(-)	(-)	(1.41)	(-)	(1.41)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	62.01	-	62.01
	(-)	(-)	(-)	(-)	(-)

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other related parties	Key Managerial Personnel	Total
Interest Expense					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	45.32	-	-	-	45.32
	(27.64)	(-)	(-)	(-)	(27.64)
IIFL Alternate Asset Advisors Limited	-	-	-	-	-
	(-)	(-)	(0.76)	(-)	(0.76)
IIFL Wealth Finance Limited	-	-	5.14	-	5.14
	(-)	(-)	(-)	(-)	(-)
Service Fees for Mortgage Portfolio					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	16.20	-	-	-	16.20
	(12.41)	(-)	(-)	(-)	(12.41)
Service Fees on Assignment transaction					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	0.77	-	-	-	0.77
	(4.17)	(-)	(-)	(-)	(4.17)
Corporate Social Responsibility Expense (CSR)					
India Infoline Foundation	-	-	58.62	-	58.62
	(-)	-	(36.05)	(-)	(36.05)
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)	-	-	4.85	-	4.85
	(-)	(-)	(26.79)	(-)	(26.79)
Samasta Microfinance Limited	-	-	-	-	-
	(-)	(6.14)	-	(-)	(6.14)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	2.00	-	-	-	2.00
	(-)	(-)	(-)	(-)	(-)
Other Expenses - Rent Expenses					
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	-	-
	(-)	(-)	(19.24)	(-)	(19.24)
Other Expenses - Commission/ Brokerage Expense					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	0.04	-	0.04
	(-)	(-)	(0.02)	(-)	(0.02)
Remuneration and Compensation to KMP					
Mr. Monu Ratra - Executive Director & CEO	-	-	-	55.42	55.42
	(-)	(-)	(-)	(56.25)	(56.25)
Interim Dividend Payment					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	314.52	-	-	-	314.52
	(41.94)	(-)	(-)	(-)	(41.94)
ICD Taken					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	25,566.94	-	-	-	25,566.94
	(77,147.00)	(-)	(-)	(-)	(77,147.00)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	15,411.00	-	15,411.00
	(-)	(-)	(-)	(-)	(-)
ICD Returned					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	15,411.00	-	15,411.00
	(-)	(-)	(-)	(-)	(-)

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other related parties	Key Managerial Personnel	Total
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	25,566.94	-	-	-	25,566.94
	(77,147.00)	(-)	(-)	(-)	(77,147.00)
ICD/Loan Given					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	67,796.20	-	-	-	67,796.20
	(4,410.00)	(-)	(-)	(-)	(4,410.00)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	33,983.20	-	33,983.20
	(-)	(-)	(1,500.00)	(-)	(1,500.00)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	4,695.60	-	4,695.60
	(-)	(-)	(-)	(-)	(-)
ICD/Loan received back					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	67,796.20	-	-	-	67,796.20
	(4,410.00)	(-)	(-)	(-)	(4,410.00)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	33,017.20	-	33,017.20
	(-)	(-)	(1,500.00)	(-)	(1,500.00)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	4,126.50	-	4,126.50
	(-)	(-)	(-)	(-)	(-)
Equity Shares Allotment					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(1,000.00)	-	(-)	(-)	(1,000.00)
Allocation / Reimbursement of expenses paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	68.37	-	68.37
	(-)	-	(45.69)	(-)	(45.69)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	6.00	-	6.00
	(-)	-	(2.74)	(-)	(2.74)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	42.28	-	-	-	42.28
	(33.17)	-	(-)	(-)	(33.17)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	9.97	-	9.97
	(-)	-	(12.03)	(-)	(12.03)
Allocation / Reimbursement of expenses paid others					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	6.56	-	6.56
	(-)	(-)	(1.31)	(-)	(1.31)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	0.17	-	0.17
	(-)	(-)	(0.03)	(-)	(0.03)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	53.17	-	-	-	53.17
	(28.39)	(-)	(-)	(-)	(28.39)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	0.00	-	0.00
	(-)	(-)	(0.00)	(-)	(0.00)
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	-	-	0.45	-	0.45
	(-)	(-)	(-)	(-)	(-)
IIFL Wealth Management Limited	-	-	0.13	-	0.13
	(-)	(-)	(-)	(-)	(-)
5Paisa Capital Limited	-	-	0.46	-	0.46
	(-)	(-)	(-)	(-)	(-)

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

(₹ in Millions)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other related parties	Key Managerial Personnel	Total
Allocation / Reimbursement of expenses received					
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	0.16	-	0.16
	(-)	(-)	(0.12)	(-)	(0.12)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	10.81	-	10.81
	(-)	(-)	(13.84)	(-)	(13.84)
5Paisa Capital Limited	-	-	0.09	-	0.09
	(-)	(-)	(0.03)	(-)	(0.03)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	6.99	-	-	-	6.99
	(5.65)	(-)	(-)	(-)	(5.65)
Allocation / Reimbursement of expenses received others					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	3.15	-	3.15
	(-)	(-)	(0.05)	(-)	(0.05)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	31.76	-	-	-	31.76
	(0.22)	(-)	(-)	(-)	(0.22)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	0.22	-	0.22
	(-)	(-)	(-)	(-)	(-)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	0.00	-	0.00
	(-)	(-)	(0.03)	(-)	(0.03)
5Paisa Capital Limited	-	-	2.06	-	2.06
	(-)	(-)	(-)	(-)	(-)
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	-	-	0.29	-	0.29
	(-)	(-)	(-)	(-)	(-)
Payment towards Assignment Transaction					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	4.24	-	-	-	4.24
	(30.70)	(-)	(-)	(-)	(30.70)
Purchase of Mortgage Portfolio					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	6,050.00	-	-	-	6,050.00
	(-)	(-)	(-)	(-)	(-)
Payment of Assignment Transactions					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	954.16	-	-	-	954.16
	(-)	(-)	(-)	(-)	(-)
Receipt towards Assignment Transaction					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	9.29	-	-	-	9.29
	(68.54)	(-)	(-)	(-)	(68.54)
Debentures Boughtback					
IIFL Wealth Finance Limited	-	-	739.83	-	739.83
	(-)	(-)	(-)	(-)	(-)
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 Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

41 C. Closing balance:

(₹ in Millions)

Nature of Transaction	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)	-	-	0.02	-	0.02
	(-)	(-)	(0.05)	(-)	(0.05)
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	0.41	-	0.41
	(-)	(-)	(0.94)	(-)	(0.94)
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	22.89	-	-	-	22.89
	(38.02)	(-)	(-)	(-)	(38.02)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	-	-	-
	(-)	(-)	(0.63)	(-)	(0.63)
Receivable to Group/Holding Company					
IIFL Management Services Limited	-	-	0.03	-	0.03
	(-)	(-)	(-)	(-)	(-)
Receivable towards assignment					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(5.35)	(-)	(-)	(-)	(5.35)
Payable towards assignment					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(1.89)	(-)	(-)	(-)	(1.89)
Debt Securities Outstanding					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	500.00	-	-	-	500.00
	(500.00)	(-)	(-)	(-)	(500.00)
Interest accrued on outstanding debt securities					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	30.46	-	-	-	30.46
	(30.34)	(-)	(-)	(-)	(30.34)
Outstanding loan amount of securitised book purchased					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(125.48)	(-)	(-)	(-)	(125.48)
Provision for Leave Encashment					
Mr. Monu Ratra - Executive Director & CEO	-	-	-	0.92	0.92
	(-)	(-)	(-)	(0.64)	(0.64)
Provision for Gratuity					
Mr. Monu Ratra - Executive Director & CEO	-	-	-	0.95	0.95
	(-)	(-)	(-)	(0.83)	(0.83)
Outstanding loan amount of securitised book sold					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	-	-	-	-
	(137.48)	(-)	(-)	(-)	(137.48)
Corporate Guarantee					
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	17,524.37	-	-	-	17,524.37
	(24,427.68)	(-)	(-)	(-)	(24,427.68)

Figures in brackets represents previous year's figures.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

41 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, 2020	Maximum Outstanding during the year
IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)	-	6,220.00
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	966.00	2,000.00
IIFL Management Services Limited	569.10	2,142.10

Note 42. Current and non Current classification - Statement of Assets and liabilities as at March 31, 2020

(₹ in Millions)

Particulars	Current	Non Current	Total
ASSETS			
1 Financial Assets			
(a) Cash and cash equivalents	9,251.67	-	**9,251.67**
(b) Bank balance other than (a) above	3,552.03	4.60	**3,556.63**
(c) Receivables			
(I) Trade receivables	181.60	-	**181.60**
(d) Loans	38,094.11	91,362.64	**129,456.75**
(e) Investments	378.52	-	**378.52**
(f) Other financial assets	23.66	1,232.48	**1,256.14**
2 Non-financial Assets			
(a) Current tax assets (net)	-	128.05	**128.05**
(b) Deferred tax assets (net)	-	336.60	**336.60**
(c) Property, plant and equipment	-	48.72	**48.72**
(d) Right of use assets	-	238.35	**238.35**
(e) Other intangible assets	-	2.94	**2.94**
(f) Other non-financial assets	132.07	2.65	**134.72**
Total Assets	**51,613.66**	**93,357.03**	**144,970.69**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
(a) Derivative financial instruments	-	150.27	**150.27**
(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	270.49	-	**270.49**
(c) Financial Lease Obligation	50.98	202.51	**253.49**
(d) Debt securities	6,611.45	14,028.37	**20,639.82**
(e) Borrowings (other than debt securities)	22,851.58	71,519.34	**94,370.92**
(f) Subordinated liabilities	-	4,389.41	**4,389.41**
(g) Other financial liabilities	5,068.50	1,362.17	**6,430.67**
2 Non-financial Liabilities			
(a) Current tax liabilities (net)	76.15	-	**76.15**
(b) Provisions	117.76	60.82	**178.58**
(c) Other non-financial liabilities	210.75	-	**210.75**
3 Equity			
(a) Equity share capital	-	209.68	**209.68**
(b) Other equity	-	17,790.46	**17,790.46**
Total liabilities and equity	**35,257.66**	**109,713.03**	**144,970.69**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

Note 42. Current and non Current classification - Statement of Assets and liabilities as at March 31, 2019

(₹ in Millions)

Particulars	Current	Non Current	Total
ASSETS			
1 Financial Assets			
(a) Cash and cash equivalents	8,068.42	-	**8,068.42**
(b) Bank balance other than (a) above	1,968.94	-	**1,968.94**
(c) Receivables			
(I) Trade receivables	268.28	-	**268.28**
(d) Loans	40,450.53	93,724.16	**134,174.69**
(e) Investments	-	-	**-**
(f) Other financial assets	69.11	1,070.42	**1,139.53**
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	-	46.37	**46.37**
(d) Right of use assets	-	-	**-**
(e) Other intangible assets	-	3.29	**3.29**
(f) Other non-financial assets	26.63	2.76	**29.39**
Total Assets	**50,851.91**	**95,308.23**	**146,160.14**
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	437.80	-	**437.80**
(c) Financial Lease Obligation	-	-	**-**
(d) Debt securities	9,546.93	18,641.62	**28,188.55**
(e) Borrowings (other than debt securities)	17,383.50	67,794.84	**85,178.34**
(f) Subordinated liabilities	-	6,377.24	**6,377.24**
(g) Other financial liabilities	6,967.12	1,714.83	**8,681.95**
2 Non-financial Liabilities			
(a) Current tax liabilities (net)	242.84	-	**242.84**
(b) Provisions	103.63	63.21	**166.84**
(c) Other non-financial liabilities	498.44	-	**498.44**
3 Equity			
(a) Equity share capital	-	209.68	**209.68**
(b) Other equity	-	15,757.14	**15,757.14**
Total liabilities and equity	**35,188.45**	**110,971.69**	**146,160.14**

43. Disclosure made vide circular no. DOR.No.BP.BC.63/21.04.048/2019-20 April 17, 2020

Covid 19 and its impact on business

The virus' rapid geographical spread has caught the world off-guard, with major implications for personal health, business continuity and the world economic order. Globally integrated supply chain models have been disrupted, threatening a financial slow-down.

Government of India (GOI) took several proactive preventive and mitigating measures starting with progressive tightening of international travel, issue of advisories for the members of the public, setting up quarantine facilities, contact tracing of persons infected by the virus and various social distancing measures. As a result GOI has declared lock-down in the country with effect from 25th March 2020 for 21 days which is further extended on review of situation. Due to lockdown, the collections and businesses of HFCs and other financials institutions were impacted.

To ease the burden on customers and financial institutions, RBI came out with the notifications & circulars for providing the moratorium of 3 months for payments of installments falling due between 1st March 2020 & 31st May 2020 viz. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, DOR.No.BP.BC.62/21.04.048/2020-21, DOR.No.BP.BC.63/21.04.048/2020-21, DoR. NBFC (PD).CC.No.110/03/10.001/2019-20 dated 17th April 2020

Post internal assessments and analysis company has provided moratorium to customers across different products. This moratorium will not impact the assets classifications of the accounts. Also extra provision in respect to these account is duly provided as per the regulatory notifications & ECL assessment.

(₹ in Millions)

Particulars	FY 2019-20
Respective amounts in overdue categories, where the moratorium/deferment was extended	13,555.14
Respective amount where asset classification benefits is extended	2,566.53
Provisions made during the quarter ended March 31, 2020	492.19
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	-

44. 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") which considers the provisions for loan assets as per Company's provisioning policy under erstwhile GAAP as at and for the year ended March 31, 2020 (the "derived Indian GAAP Financial Information").

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

I. Capital

(₹ in Millions)

Particulars	March 31, 2020	March 31, 2019
(i) CRAR %	23.71	21.02
(ii) CRAR - Tier I Capital (%)	18.35	15.82
(iii) CRAR - Tier II Capital (%)	5.36	5.20
(iv) Amount of subordinated debt raised as Tier- II Capital	4,435.16	6,435.16
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

II) Reserve fund u/s 29C of NHB Act, 1987

(₹ in Millions)

Particulars	March 31, 2020	March 31, 2019
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	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**
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	386.25	561.93
b) Amount transferred U/s 29C of the NHB Act, 1987	106.75	51.07
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	**2,068.70**	**1,575.70**
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	1,844.41	1,458.16
b) Statutory Reserve U/s 29C of the NHB Act, 1987	224.29	117.54
Total	**2,068.70**	**1,575.70**

III) Investments

(₹ in Millions)

Particulars	March 31, 2020	March 31, 2019
A) Value of Investments		
(i) Gross Value of Investments		
(a) In India	461.95	-
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	83.43	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	378.52	-
(b) Outside India	-	-
B) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	83.43	-
(iii) Less: Write-off / Write back of excess provisions during the year	-	-
(iv) Closing balance	83.43	-

Notes forming part of Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

IV) Derivatives

a. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in Millions)

Particulars	March 31, 2020	March 31, 2019
(i) The notional principal of swap agreements	3,630.75	3,980.75
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	150.27	421.32
(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	150.27	421.32

b. Exchange Traded Interest Rate (IR) Derivative

(₹ in Millions)

Particulars	March 31, 2020
(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 31st March 2020 (instrument-wise)	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

(₹ 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 31st March 2019 (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 to manage various risks associated with the lending business. These risks include liquidity risk, exchange risk, interest rate risk and counterparty risk.

To manage these risks, the company has board approved policy framework for derivatives, consistent with its general corporate responsibility for corporate governance. The management of derivative activity would be further integrated into the company's overall risk management system.

The rationale for hedging risk in case of the company is to reduce potential costs of financial distress by making the company less vulnerable to adverse market movements in interest rate, exchange rate etc. and also create a stable planning environment to avoid huge fluctuations on the financials of the company due to market movements.

Objectives of the policy

• Identify and manage the company's debt and related interest rate risk

• Reduce overall interest cost of the company

• Management of foreign currency positions, derivative transactions and related risks

• To evaluate and measure these risks and their sensitivity to operations

• Establish processes for monitoring and control of the risks as per policy

• Effective MIS and regular reporting of positions and risks to the Risk Management Committee

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

B. Quantitative Disclosure

(₹ in Millions)

Particulars	Currency Derivatives	Interest Rate Derivatives
	March 31, 2020	March 31, 2020
(i) Derivatives (Notional Principal Amount) For hedging	3,630.75	-
(ii) Marked to Market Positions [1]		
(a) Assets (+)	-	-
(b) Liability (-)	150.27	-
(iii) Credit Exposure [2]	36.31	-
(iv) Unhedged Exposures	-	-

(₹ in Millions)

Particulars	Currency Derivatives	Interest Rate Derivatives
	March 31, 2019	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	-	-

V) Details on Securitisation

a) Securitisation transactions under SPV Structure sponsored by HFC

(₹ in Millions)

Particulars	March 31, 2020	March 31, 2019
i) No of SPVs sponsored by the HFC for securitisation transactions	9	8
ii) Total amount of securitised assets as per books of the SPVs sponsored	6,408.61	4,388.06
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	1,437.69	899.87
iv) Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures towards Credit Enhancements		
(A) Exposure to own securitizations	-	-
(B) Exposure to third party securitizations	-	-
b) On-balance sheet exposures towards Credit Enhancements		
(A) Exposure to own securitizations	430.43	423.03
(B) Exposure to third party securitizations	-	-

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

b) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

(₹ in Millions)

Particulars	2019-20	2018-19
(i) No. of accounts	-	3
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	7.33
(iii) Aggregate consideration	-	11.40
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	-	4.07

c) Details of Assignment transactions undertaken

(₹ in Millions)

Particulars	2019-20	2018-19
(i) No. of accounts	11,305	19,488
(ii) Aggregate value (net of provisions) of accounts assigned	20,832.52	36,573.57
(iii) Aggregate consideration	20,832.52	36,573.57
(iv) Additional consideration realized 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	2019-20	2018-19
(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	2019-20	2018-19
(i) No. of accounts sold	-	3
(ii) Aggregate outstanding	-	34.84
(iii) Aggregate consideration received	-	11.40

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (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 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Borrowings from Bank	1,139.42	598.21	3,263.90	6,321.15	10,985.94	37,522.26	14,296.73	5,596.82	3,210.29	1,397.64	84,332.36
	(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)
Market Borrowing	2,960.00	1,101.25	-	1,150.00	1,406.25	10,509.30	3,367.05	850.00	3,750.00	-	25,093.85
	(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)
Foreign Currency Liabilities	-	-	-	-	-	-	3,769.30	-	-	-	3,769.30
	-	-	(346.10)	-	-	-	(3,458.57)	-	-	-	(3,804.67)
Assets											
Advances	224.37	229.02	1,110.54	3,862.69	5,725.36	32,621.27	19,758.79	11,793.60	11,518.56	34,749.60	121,593.80
	(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)
Investments	378.52	-	-	-	-	-	-	-	-	-	378.52
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
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 Standalone Financial Statements
as at and for the year ended March 31, 2020 (Contd.)

VII) Exposure

a) Exposure to Real Estate Market

(₹ in Millions)

Category	March 31, 2020	March 31, 2019
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	23,731.01	21,149.20
More Than ₹15 Lacs	75,713.14	83,437.90
(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;	24,094.95	26,617.81
(iii) Investments in Mortgage Backed Securities(MBS) and other securitized 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)

Category	March 31, 2020	March 31, 2019
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	378.52	-
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)	-	-

Note: Investments are shown as net of provision for mark to market.

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

c) **Details of financing of parent company products:** The Company does not have any exposure in financing of parent company products

d) **Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC:** The Company has not exceeded the SGL and GBL Limits.

e) **Unsecured Advances:** The Company does not have any unsecured advances in the form of rights, licenses, authorisations, etc. that are charged as collateral for the purposes of financing. The Company does not have any unsecured advances other than those mentioned in Note 7.

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 41.

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, 2020**

(₹ in Millions)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
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
Total Bank Loan Facilities Rated	CRISIL Limited	CRISIL AA/Stable	45,000.00
Commercial Paper	CRISIL Limited	CRISIL A1+	50,000.00
Commercial Paper Programme	ICRA Limited	[ICRA]A1+	50,000.00
Non-convertible Debenture Programme	ICRA Limited	[ICRA]AA / Negative	40,000.00
Subordinate Debt programme	ICRA Limited	[ICRA]AA / Negative	6,000.00
Long Term Fund Based Bank Lines Programme	ICRA Limited	[ICRA]AA / Negative	50,000.00
Long term principal protected market linked debenture programme	ICRA Limited	PP-MLD[ICRA]AA / Negative	2,000.00
Non-Convertible Debentures (NCD)	CARE Ratings	CARE AA; Stable [Double A; Outlook: Stable]	4,000.00
Unsecured Subordinated NCDs	Brickwork Ratings	BWR AA+ 'Negative'	1,000.00
Subordinated NCDs	Brickwork Ratings	BWR AA+ 'Negative'	2,350.00
Secured NCDs	Brickwork Ratings	BWR AA+ 'Negative'	250.00

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

b) Details of Migration of Ratings for the FY 2019-20

(₹ in Millions)

Instrument	Name of the Rating Agency	Amount Rated	Rating in 2019-20	Rating in 2018-19
Unsecured Subordinated NCDs	Brickwork Ratings	1,000.00	BWR AA+ 'Negative'	BWR AA+ Stable
Subordinated NCDs	Brickwork Ratings	2,350.00	BWR AA+ 'Negative'	BWR AA+ Stable
Secured NCDs	Brickwork Ratings	250.00	BWR AA+ 'Negative'	BWR AA+ Stable
Non-convertible Debenture Programme	ICRA Limited	40,000.00	[ICRA]AA / Negative	[ICRA]AA / Stable
Subordinate Debt programme	ICRA Limited	6,000.00	[ICRA]AA / Negative	[ICRA]AA / Stable
Long Term Fund Based Bank Lines Programme	ICRA Limited	50,000.00	[ICRA]AA / Negative	[ICRA]AA / Stable
Long term principal protected market linked debenture programme	ICRA Limited	2,000.00	PP-MLD[ICRA]AA / Negative	PP-MLD[ICRA] AA(stable)

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 (NCD)	CARE Ratings	40,000.00	CARE AA; Stable	CARE AA /Outlook positive

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

XII) Remuneration of Non-Executive Directors

(₹ in Millions)

Name of Directors	Remuneration Paid 2019-20	Remuneration Paid 2018-19
Mr. Kranti Sinha	0.48	0.39
Mr. S. Sridhar	1.51	1.30
Ms. Suvalaxmi Chakraborty	1.24	0.76
Mr. AK Purwar	0.12	-

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	2019-20	2018-19
Provisions for depreciation on Investment	83.43	-
Provision made towards Income tax	651.28	1,341.78
Provision towards NPA	391.20	193.25
Provision for Standard Assets	**629.60**	**(13.50)**
CRE – Residential	190.82	(15.42)
CRE – Others	6.78	(14.39)
Others	432.00	16.31

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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Standard Assets				
a) Total Outstanding Amount	82,351.88	88,722.56	39,222.67	41,381.75
b) Provisions made	663.36	314.43	485.64	178.17
Sub-Standard Assets	-	-		-
a) Total Outstanding Amount	733.76	606.28	634.08	245.93
b) Provisions made	377.63	367.26	358.81	159.38
Doubtful Assets - Category I	-	-		-
a) Total Outstanding Amount	241.59	166.57	94.56	52.13
b) Provisions made	170.41	126.49	70.04	40.63
Doubtful Assets - Category II	-	-		-
a) Total Outstanding Amount	170.55	59.97	131.71	20.67
b) Provisions made	157.34	51.33	118.77	17.82
Doubtful Assets - Category III	-	-		-
a) Total Outstanding Amount	-	2.02	-	0.07
b) Provisions made	-	2.02	-	0.07
Loss Assets	-			
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total Outstanding Amount	**83,497.78**	**89,557.40**	**40,083.02**	**41,700.55**
b) Provisions Amount	**1,368.74**	**861.53**	**1,033.26**	**396.07**

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (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, 2020	As at March 31, 2019
Total Loans & Advances to twenty largest borrowers	10,600.25	9,576.96
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	8.71%	7.39%

c) **Concentration of all Exposure (including off-balance sheet exposure)**

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers / customers	11,712.10	10,750.58
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	8.57%	7.30%

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, 2020	As at March 31, 2019
Total Exposure to top ten NPA accounts	424.02	404.44

e) **Sector wise NPAs**

(₹ in Millions)

Sector	As at March 31, 2020	As at March 31, 2019
A. Housing Loans		
1. Individuals	1,079.01	671.59
2. Builders/Project Loans	66.90	163.25
3. Corporates	-	-
4. Others (specify)	-	-
B. Non-Housing Loans		-
1. Individuals	482.09	170.55
2. Builders/Project Loans	89.91	60.57
3. Corporates	288.34	87.68
4. Others (specify)	-	-

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

XVII) Movement of NPAs

(₹ in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(I) Net NPAs to Net Advances (%)	0.62%	0.30%
(II) Movement of NPAs (Gross)		
a. Opening balance	1,153.63	868.92
b. Additions during the year	1,512.87	763.62
c. Reductions during the year	(660.26)	(478.91)
d. Closing balance	**2,006.24**	**1,153.63**
(III) Movement of NPAs (Net)		
a. Opening balance	388.64	297.17
b. Additions during the year	648.32	352.89
c. Reductions during the year	(283.71)	(261.42)
d. Closing balance	**753.25**	**388.64**
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a. Opening balance	765.00	571.76
b. Provisions made during the year	920.32	550.67
c. Write-off/write-back of excess provisions	(432.32)	(357.43)
d. Closing balance	**1,253.00**	**765.00**

XVIII) Overseas Assets

(₹ in Millions)

Particulars	2019-20	2018-19
N.A.	N.A.	N.A.

XIX) Off-balance Sheet SPVs sponsored which are required to be consolidated as per accounting Norms

(₹ in Millions)

Name of the SPV Sponsored	Domestic	Overseas
N.A.	N.A.	N.A.

XX) Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no impact in the profit and loss on account of prior period items on the current year profit and loss.

XXI) Details on Customer Complaints

(₹ in Millions)

Particulars	2019-20	2018-19
a) No. of complaints pending at the beginning of the year	21	7
b) No. of complaints received during the year	1036	800
c) No. of complaints redressed during the year	1033	786
d) No. of complaints pending at the end of the year	24	21

Customer complaints details as given above are as identified by the Company and relied upon by the auditors.

XXII) Percentage of outstanding loans granted against the collateral gold jewellery to the outstanding total assets is ₹ Nil. (P.Y. ₹ Nil.)

Notes forming part of Standalone Financial Statements

as at and for the year ended March 31, 2020 (Contd.)

45. Previous Year's figure have been re-grouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

46. These financial statements were authorised for issue by the Company's Board of Directors on May 23, 2020.

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

Sumit Bali
Director
(DIN: 02896088)
Place: Mumbai

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

Ajay Jaiswal
Company Secretary
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: May 23, 2020

Notes

Corporate Information

BOARD OF DIRECTORS

Mr. S. Sridhar
Chairman & Independent Director

Mr. Kranti Sinha
Independent Director

Mr. Arun Kumar Purwar
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
Ms. Suvalaxmi Chakraborty

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. Iqbal Farooqui
National Collections Manager

Mr. Rachit Gehani
Head – Strategy & Initiatives

Mr. Upendra Jaiswal
Head – Internal Audit

Mr. Lokesh Goyal
Head – Technical

Ms. Anjali Chadha
Head – 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
Allahabad 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 LOAN

IIFL Home Finance Limited
CIN No. U65993MH2006PLC166475

Registered Office:
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area, Wagle Estate,
Thane – 400604

Corporate Office:
Plot No.98, Udyog Vihar,
Phase - IV, Gurgaon – 122015
Tel: (91-124) 4780900

Website: **www.iifl.com/home-loans**

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