



A help-in-hand

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Read our online version at <https://www.iifl.com/india-infoline-housing-finance-ltd/investor-relations>

Disclaimer

This document contains statements about expected future events and financials of IIFL Home Finance, which are forward-looking. By their nature, forward-looking statements require The Company to make assumptions and are subject to inherent risks and uncertainties. There is 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's Discussion and Analysis Report of the IIFL Home Finance Annual Report for FY 2017-18.



Home is where the heart is

Millions of people in our country aspire to own a home as part of their vision of a 'happy' life. But buying a home is like a roller coaster ride with several apprehensions as well as excitement. There is a feeling of euphoria and contentment when this dream is fulfilled. Eventually a person is the happiest person when he finds peace in his own home.

However, to own a home is not so simple. Many a times, there are financial constraints which deprive a common man of his dream. At IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited), we are passionately driven to transform India by providing a help-in-hand to the aspiring home buyers. We truly care for our customers and their needs. We are focused on providing easy and accessible home loans to economically weaker section and lower-class segment of the society. We offer a diversified product portfolio supported by technology-enabled processes for the best customer experience.

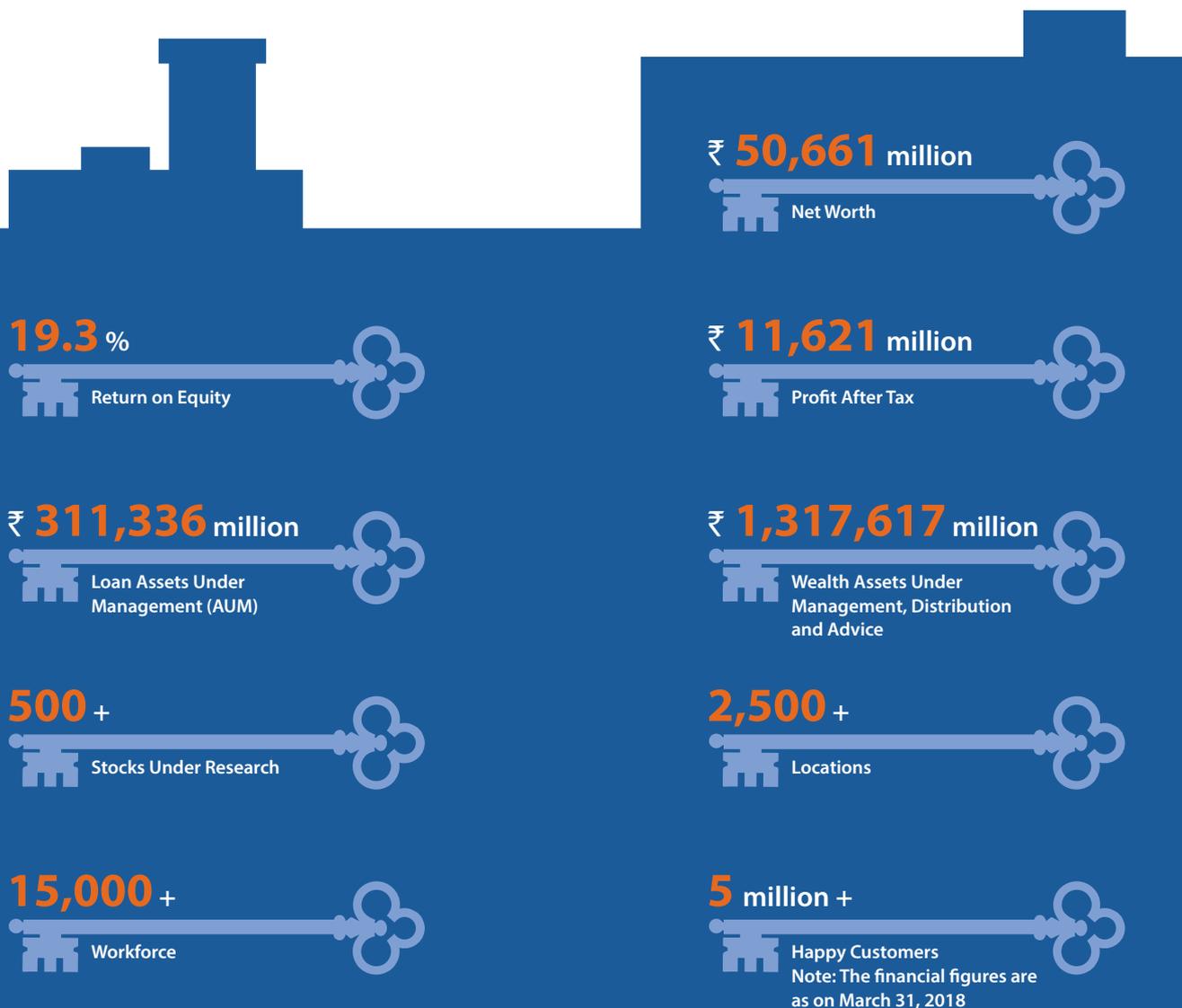
Currently, our country is going through a remarkable change due to the Government of India's initiatives such as 'Housing for All' and 'Pradhan Mantri Awas Yojana' (PMAY). Our goals are also aligned with the Government's vision to reach out to the millions of customers across the entire social spectrum. We have bolstered our business operations to the highest level to create more value for our customers, employees, partners and stakeholders.

About IIFL Holdings Limited

IIFL was founded in 1995 by two professionally qualified, driven entrepreneurs, Nirmal Jain and R Venkataraman, with the vision of becoming the most respected company in the financial services space.

IIFL is mainly engaged in the business of loans and mortgages, wealth and asset management and capital market related activities. The loans and mortgages business comprises of the non- banking finance, housing finance and micro finance verticals. The wealth management business includes wealth and asset management. The capital market business consists of retail and institutional broking and investment banking.

IIFL brings deep industry expertise, innovative solutions, ability to reinvent and a differentiated digital experience to the table, which has led to the Company's phenomenal success across business segments.





Vision

"To be the most respected financial services company in India."
- Not necessarily the largest or most profitable



Values

FAIRNESS

Fairness in our transactions with all stakeholders including employees, customers and vendors, bereft of fear or favour.

INTEGRITY

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

TRANSPARENCY

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

About IIFL Holdings Limited

Business Segments



Loans and Mortgages

Business

Diversified non-banking finance company offering comprehensive credit solutions to all classes of customers - salaried, self-employed, informal sector, HNIs and corporates



Wealth and Asset Management

One of the largest and fastest-growing wealth management companies in India offering a holistic approach towards managing clients' portfolio with a broad range of innovative products and services



Capital Market Related Activities

One of India's leading broking houses with extensive presence all over the country, providing financial planning, investment banking and broking services in mutual funds, equity, commodities and currency trading



Customer Segment

Retail and Corporate

High Net Worth Individuals

Institutional and Retail



Products

Home, Gold, Commercial Vehicles and SME Loans, Digital Finance, Micro Finance, Loan Against Property, Construction Finance and Real Estate Loans

Asset management, Advisory, Financial Products Distribution, Brokerage and Credit Solutions

Investment Banking. Institutional Broking, Research, Retail Broking and Financial Products Distribution



Distribution Channels

Agents, Banks, Brokers, Direct channels and other distribution agreements

Direct channels and other distribution agreements

Agents, Banks, Brokers, Direct channels, other distributors and independent financial advisors



Geographical Locations

1,378 branches Pan-India

23 offices across 9 countries

1,122 locations Pan-India



Financials FY 18

Income ₹ 38.6 billion
Net Profit ₹ 5.5 billion

Income ₹ 17.4 billion
Net Profit ₹ 3.9 billion

Income ₹ 8.4 billion
Net Profit ₹ 2.2 billion

About IIFL Holdings Limited

Global Presence

Our international subsidiaries are governed by the respective global regulators including Financial Services Authority, UK; Securities Exchange Commission and Financial Industry Regulatory Authority, USA; Monetary Authority of Singapore; Dubai Financial Services Authority; Securities and Futures Commission, Hong Kong and Financial Services Commission, Mauritius.

International Subsidiaries' Locations

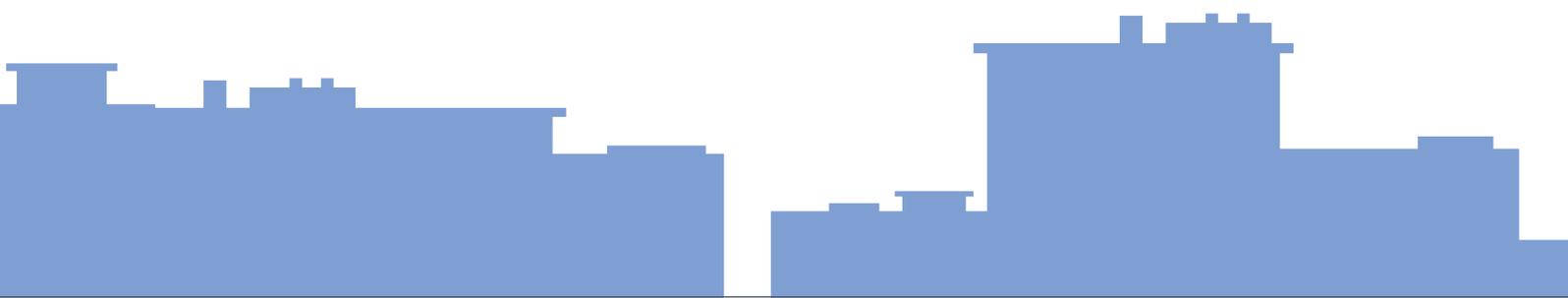
Canada, USA, UK, Switzerland, UAE, Mauritius, Singapore and Hong Kong



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About IIFL Home Finance Limited

Founded in 2006, IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited) is a wholly owned subsidiary of India Infoline Finance Limited and registered with the National Housing Bank (NHB).

Today, we have evolved as one of India's leading home loan company by fulfilling the credit requirements of the economically weaker section, lower and middle-class segment of the society. The Company provides a variety of financial products such as small ticket sized home loans, loans against property (LAP) and project loans.

We have continuously focused on product innovation to meet the dynamic needs of the housing loan segment. With a robust distribution network across the country, it focuses on Tier II and III cities. Increased focus on digitisation, faster credit assessment techniques and sound risk management framework, has further strengthened the Company's position in the industry.

With affordable housing as the preferred segment, the Company has aligned its strategies in tune with the rising demand of affordable housing and the Government's mission of 'Housing for All'.

₹ **143** Billion
Assets Under Management

₹ **12,687** Million
Total Income for the year ended March 31, 2018

₹ **1,974** Million
Profit after tax for the year ended March 31, 2018

17.2 %
Capital Adequacy Ratio

0.73 %
Gross NPA

2,000 +
Employees

Customer Count



27,858
As on March 2017

53,196
As on March 2018

Our Product Offerings



Home Loans

Through our affordable home loans, we service various class 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 Swaraj Home Loans, we cater to customers looking for a home loan of ₹ 1-1.1 million or below. This helps us tap the underserved segment of the country.



Loan Against Property (LAP)

In this category, we have more than 70% of the loans under the Priority Sector Lending. The Company offers loans backed by mortgage of residential or commercial properties to small and medium enterprises. These loans are predominantly used for working capital requirement, business use and purchase of commercial property. We also offer small ticket size product - Samman Loan Against Property.



Project Loans

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

Key Enablers:



Unique Business Model

-  Primary focus on affordable housing finance to customer segments across Tier-II and Tier-III cities
-  Dual channel distribution strategy which involves sales through its own network of branches as well as through direct selling agents



Superior Asset Quality

-  Stringent credit appraisal tools and analysis techniques for early identification of problematic loans
-  A vigilant approach in financing loans leading to low risk of defaults



Capitalising on Technology

-  Unlocking a hassle-free experience for customers supported by technological aids
-  Leveraging on technology to reduce cost, enhance operational efficiency and minimise turn-around time (TAT)



Strong In-house Capabilities

-  Online credit underwriting process where most of the decision-making is done by the system at the backend and the final output is shown in the frontend
-  Complete standardisation of decisions to remove subjectivity from the decision-making process
-  Reduction of human error to a great extent and improved productivity



Effective Risk Management Framework

-  Well-planned risk management policy and framework to identify, assess and monitor various risks
-  Centralised processing centres to detect problematic loans, analyse defaults, product and processes

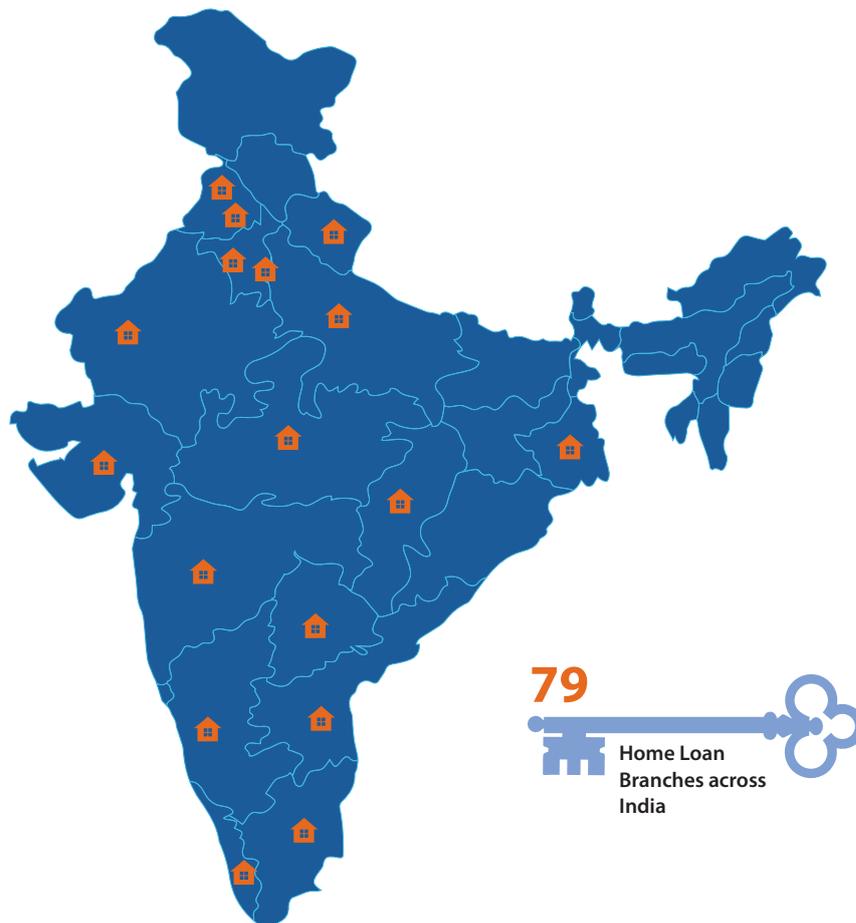
Sound Corporate Governance Policies

-  Strong ethical standards backed by transparent business operations
-  No hidden operational costs
-  Friendly relations with the customers and they being our topmost priority

Extensive Distribution Footprint

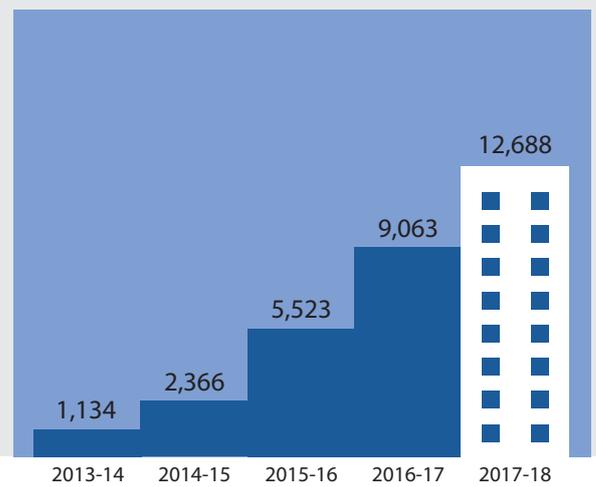
-  Our nationwide branch network and virtual branches (tablet and mobile app) ensure a wide span of reach
-  The distribution network spread across 17 states and 79 branches in India enables us to reach more customers in Tier-II and Tier-III towns with a focus on affordable housing

IIFL Home Loans Branch Network as on March 31, 2018



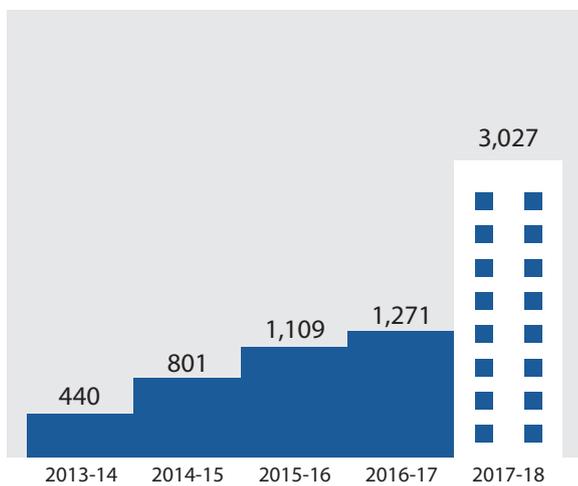
Key Financials

Revenue ₹ million



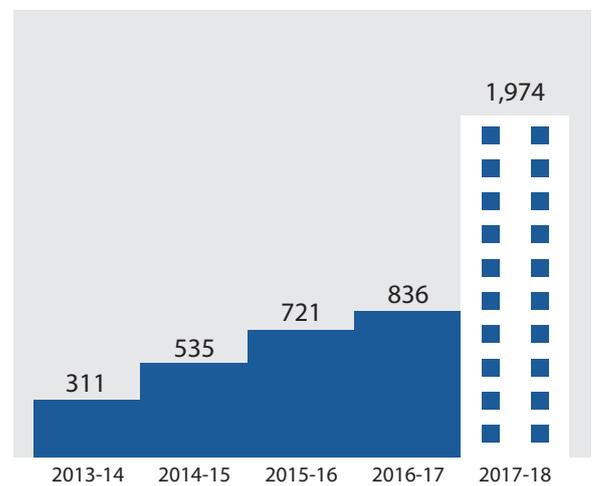
YoY Growth: **40%**

Profit before Tax ₹ million



YoY Growth: **138%**

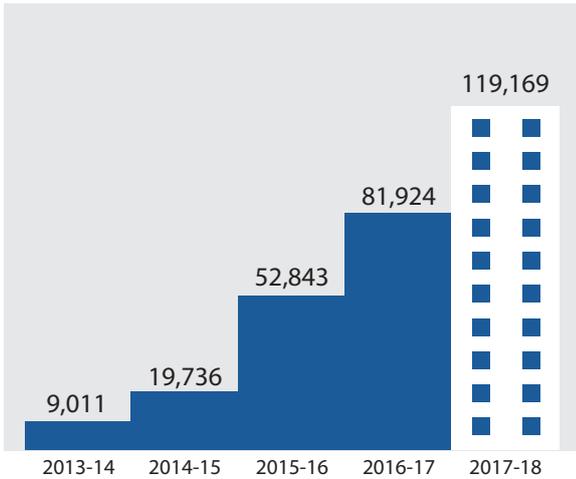
Profit after Tax ₹ million



YoY Growth: **136%**

Loan Book

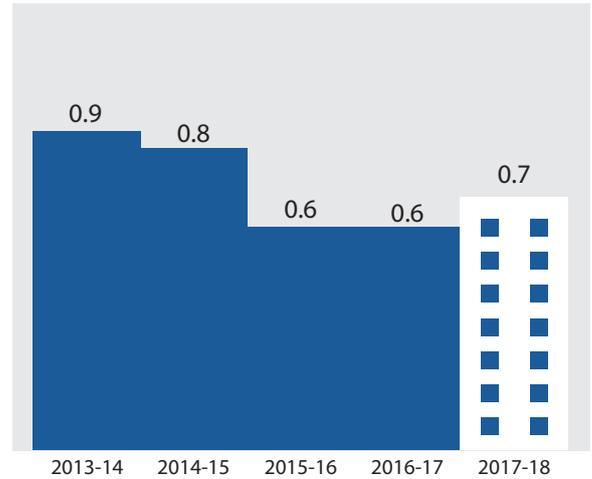
₹ million



YoY Growth: 45%

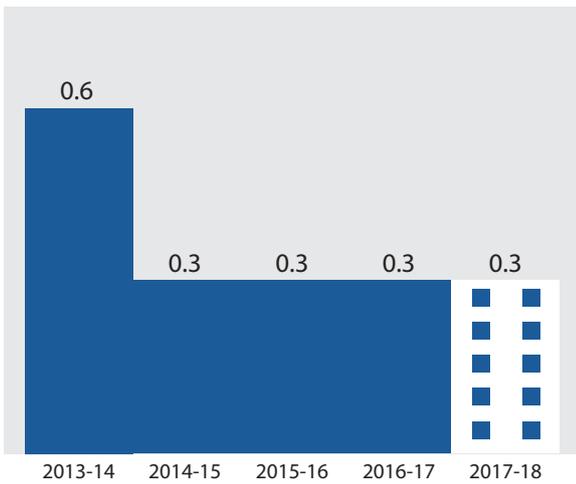
Gross NPA

(%)



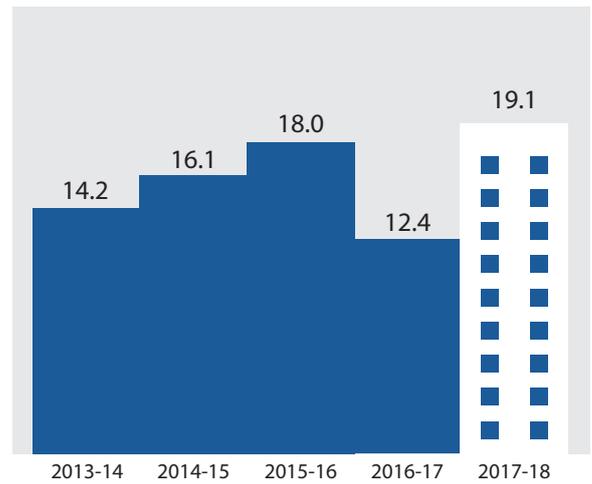
Net NPA

(%)



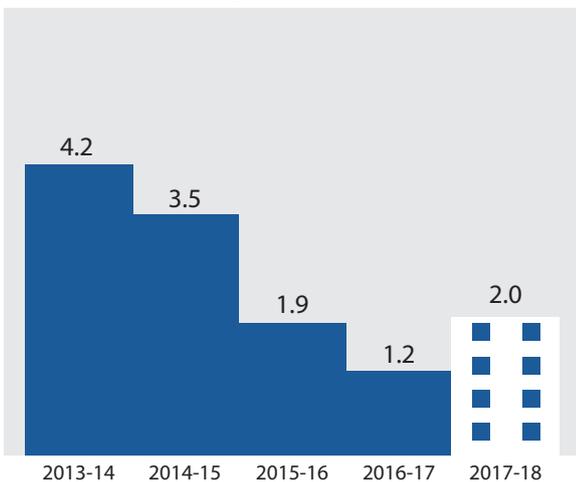
Return on Equity

(%)



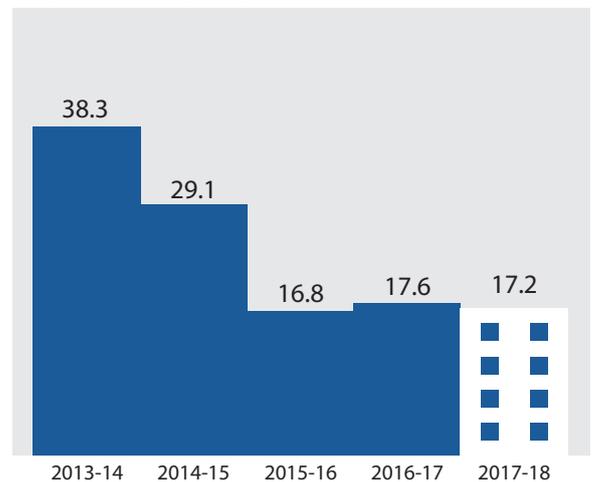
Return on Average Assets

(%)



Capital Adequacy Ratio

(%)



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Nurturing the big dream through our offerings

India is surely set on a growth path for the years to come. The parameters such as 'Make in India' initiative, increasing population, rising level of disposable income, rapid urbanisation and higher middle-class aspirations are the key drivers. This has led to increased demand for moderate and small-ticket sized loans.

We are set to capitalise on these opportunities with an in-depth understanding of the financial requirements of the lower and middle-income segment. We offer diversified and tailored home loan solutions to our customers. IIFL Home Finance is committed to transform aspirations into reality by reaching a wider range of customers across the country.

During the year, we expanded our geographical spread across the country through 79 branches in Tier-II and Tier-III cities to cater the demand of mid-income affordable housing. We further plan to leverage upon the IIFL parent company's network of 1400+ touch points to increase our penetration. While focusing on growth, we have also serviced our existing customers well with expanding call centres and branch specific grievance solutions. We have doubled the number of customers acquired during the year, proving our ability to deliver an extraordinary customer experience.



Swaraj Home Loans

Through Swaraj home loans, we address 'first-home-buy' dream of the informal income segment customers, who do not have formal income documentations. With an average ticket size of ₹ 1-1.1 million, Swaraj home loans cater to the needs of affordable housing segment in the country. This has deeply penetrated into the semi-urban locations in India.



Subsidy - ₹ 267,280
City - New Delhi

Ujala Rani and Kunal Tondon

Ujala Rani never imagined that she will be able to buy her own house. With her husband's sole income, the family could meet just the domestic needs and children's education.

"We would like to sincerely thank IIFL Home Loans for the help. They guided us by giving information about the subsidy scheme under the Pradhan Mantri Awas Yojna. The subsidy amount helped us in realising our dream of buying our own house."



Subsidy - ₹ 267,280
City - New Delhi

Mili Das and Gopal Das

We received great help from IIFL Home Loans in the form of subsidy under the Pradhan Mantri Awas Yojna. Their co-operation and support made us fulfil the aspiration of owning a home. Now, we are able to provide a secure future and good education to our children.

"It is my immense pleasure to thank IIFL Home Loans from the bottom of my heart, for the financial assistance."



Subsidy - ₹ 219,624
City - Bangalore

K. Karthikeyan

After receiving subsidy benefit under Pradhan Mantri Awas Yojana, Karthikeyan's monthly EMI stress reduced which will help him raise his two children better.

"I feel less loaded and more relaxed after receiving the subsidy. Thank you IIFL Home Loans and Pradhan Mantri Awas Yojana!"



Subsidy - ₹ 220,000
City - Delhi

Subedar Major (Retd.)

Ashraf Khan

Ashraf Khan shifted to Delhi so that his son could pursue football. IIFL Home Loans and CLSS not only helped him realise the dream of owning a house in a big city but also helped his son fulfil his dream.

"Receiving subsidy under Pradhan Mantri Awas Yojana is like a dream come true. I want to thank IIFL Home Loans for they helped me avail the benefit."



Stepping up: Building momentum together

Housing Finance segment is expected to change the gears for better. There exists a huge potential in this sector due to shortage of homes, low mortgage penetration and poor access to loans. With the Government of India's determined push, the affordable housing category is expected to play a very important role. Low and Mid-income affordable housing segment is gathering momentum with growth estimated to reach ₹ 6.25 trillion* by 2022.

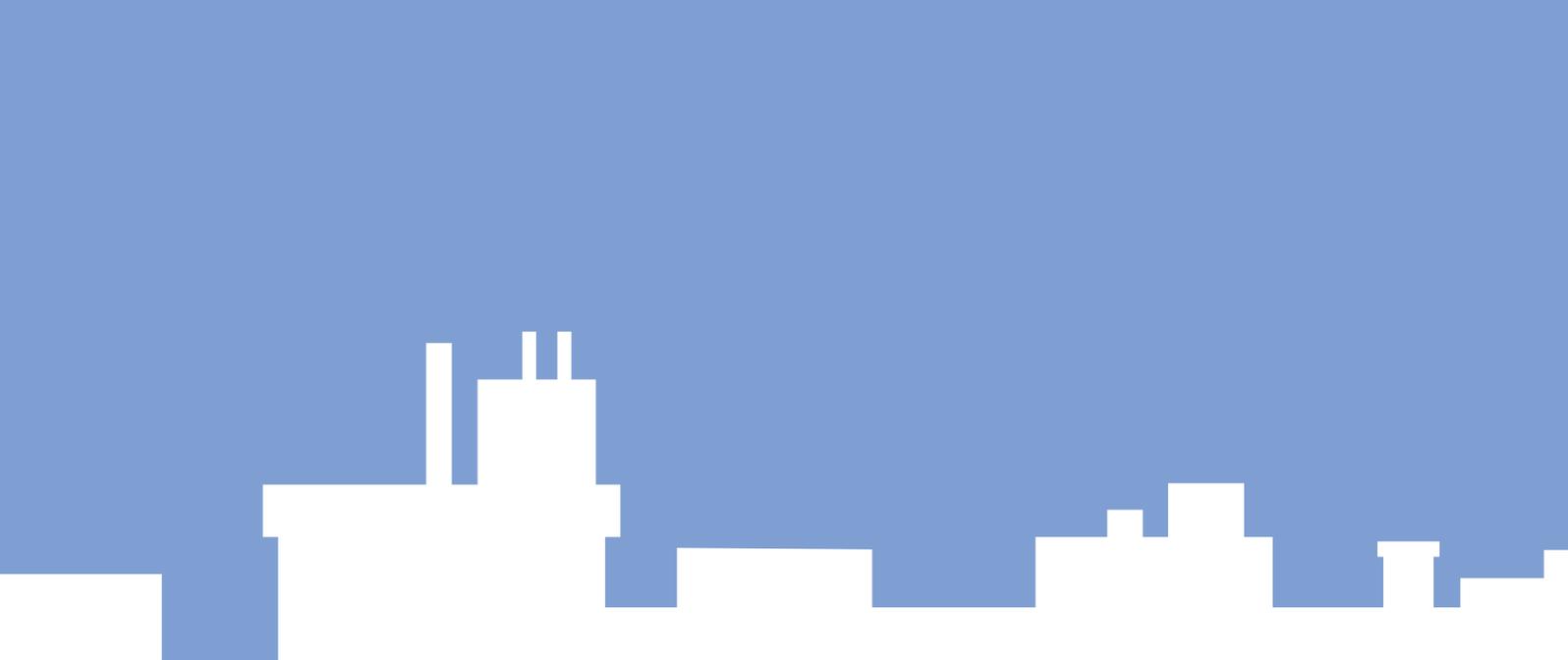
IIFL Home Finance is poised to move ahead in tune with the Government initiatives and policies. Our objective is to help the common man achieve his dream of owning a home and at the same time, support the grand vision of 'Housing for All'.

**Source: ICRA*



Credit Linked Subsidy Scheme

IIFL Home Finance has emerged as one of the top three facilitator of Pradhan Mantri Awas Yojana (PMAY) – Credit Linked Subsidy Scheme (CLSS) in the country as per the National Housing Bank (NHB). Under this scheme, the Government provides interest subsidy up to 6.5% to first time home buyer with household income up to ₹ 0.15 million per month. The interest subsidy will encourage the home buyers in the Economically Weaker Section (EWS), Low Income Group (LIG) and Middle-Income Group (MIG) under the affordable housing segment.



₹ **2,560** Million

Subsidy provided as on
March 31, 2018

13,000 +

Customers benefitted

500 %

Increase in the household
numbers

₹ **6,650** Million

Received as refinance
from NHB in FY 2017-18

Association with the State Governments

IIFL Home Finance has been continuously working to build associations with various State Housing Boards to further enable easy financing to customers. The Company has taken initiatives as mentioned below:

-  Special tie-ups with Affordable Housing Projects under PMAY in Rajasthan and Gujarat
-  Formulated & implemented special schemes to provide financial assistance to beneficiaries under BLC* scheme in Andhra Pradesh under APNTR** Housing Scheme covered under PMAY
-  Association with State Housing Authorities for providing financial benefits to beneficiaries under Below Poverty Line (BPL), EWS, LIG categories
-  Successfully submitted Letter of Intent to 23 Government Authorities for funding allottees under PMAY

*BLC: Beneficiary Led Construction

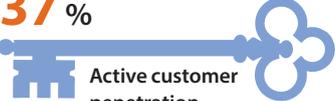
**APNTR: Andhra Pradesh N.T. Ramarao

Accelerated growth through technology transformation

Today, with adoption of new technology and innovation in business, India is riding high on the wave of digital transformation. As the Indian economy is progressing, so are we moving ahead to become a digitalised organisation by integrating technology into our business operations. We strive hard to continuously grow our product offerings as well as our services through multi-channel platforms.

Doing Things Better

-  We are reaching more customers through digital channels i.e. website, Facebook and digital marketing, in addition to the conventional channels
-  Our online integration for real time customer checks has enabled automated underwriting and thus controlled the operational expenditure
-  New mobile application for field collection staff has been developed, which enables e-receipts (paperless) and automated receipt management
-  'IIFL Loans' mobile app for providing post-sales services for existing customers, with robust customer grievance module to enable faster query resolution

37%  Active customer penetration



The 'Jhatpat' Route

Our digital finance initiative 'Jhatpat Loan' is an assisted DIY (Do-It-Yourself) model for serving the customers at their doorstep with instant home loan sanctions. The Jhatpat route has made the entire end-to-end process speedy, seamless and efficient.

- 
-  Loan sanction time reduced to just 60 minutes
 -  Completely paperless and branchless process
 -  Intelligent application with online integration for eKYC
 -  Analysis of the customers' documents by IIFL executives through its high-powered technology platform in just a few seconds
 -  Real time decision-making within an hour through CIBIL reports and other information generated, based on the customer profile
 -  Enabling faster and centralised loan processing through online interface provided to third party vendors
 -  All salaried home loans being processed via Jhatpat route resulting in increased sales productivity and enhanced customer experience

Going ahead, the Company has plans to bring in loan processing of self-employed applications and Swaraj home loans under the Jhatpat route. We continuously plan to integrate online data sources in collaboration with fin-tech companies to improve quality of real time loan decision.

85%

Home loans sanctioned through tablet

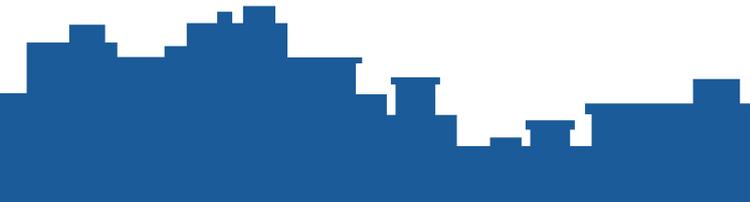
Approved Project Finance (APF) Module

With reduced documentation and speedy disbursements as the key, the new and latest version of launched APF module is a convenient process to get loans for specifically identified and approved projects. We have revamped the online module for empanelment of builder projects integrated with the modules. This new module has various additional features such as inventory level details capturing, payment plans, field level audit log, project status check etc.

6,000+

Projects on-boarded PAN India

Message from the Chairman



At IIFL Home Finance, we reach out to the lower segment of the public who dream of owning a home. We provide affordable housing finance, offering loans under the Pradhan Mantri Awas Yojna – Credit Linked Subsidy Scheme (PMAY-CLSS).

Dear Shareholders,

The year that went by saw the Indian economy showing signs of revival and consolidation - regaining its footing as the 'fastest growing economy in the world', the investment cycle recovery and a steady consumption improvement indicates the economy's advancement in the right direction. According to a report by the World Bank Group, growth will pick up to 7.3% in 2018-19 and to 7.5% a year over the medium term.

2017 can be best defined as a landmark year for the real estate industry as game changing regulatory developments like Goods & Services Tax (GST) and Real Estate Regulation & Development Act (RERA) were rolled out. While GST eliminated double taxation for home buyers, RERA safeguarded consumer interest by facilitating transparency, accountability and professionalism. The provisions enshrined in the RERA are definitely going to alter the landscape for real estate developers.

The Indian Housing Finance Industry has arguably never been so exciting. Over the years affordability has improved significantly. The Government continues to maintain its focus on the agenda of 'Housing for All'

by 2022. It awarded infrastructure status to affordable housing. The Credit Linked Subsidy Scheme (CLSS) took off well, making affordable housing a hot-selling segment across metros and tier I & II cities.

The Government has also proposed to establish a dedicated Affordable Housing Fund under the Pradhan Mantri Awas Yojana (PMAY) in the National Housing Bank. It will further give a boost to the realty sector and financial institutions supporting PMAY. The initiative will lead to increased funding options for housing finance companies operating in the affordable housing space. This gives us an advantage of lower funding costs and this in turn is likely to improve affordability for end borrowers. Besides, the thrust on increasing rural incomes will push the demand for housing and is likely to be positive for housing finance players like us.

At IIFL Home Finance, we reach out to the lower segment of the public who dream of owning a home. We provide affordable housing finance, offering loans under the Pradhan Mantri Awas Yojna – Credit Linked Subsidy Scheme (PMAY-CLSS). We assisted over 13,000 customers with more than ₹ 3 billion subsidy as on March 31, 2018. We have emerged as one of the top 3 facilitators of CLSS in the country as per NHB. We are also constantly exploring opportunities with various State Housing Boards in being their principal loan partner for the affordable housing segment.

Today, the Company is well-positioned to capitalise the underlying growth opportunities. Over the years, we have strengthened our ability to understand the credit worthiness of each customer and have delivered customised solutions. We have maintained a high quality loan and investment portfolio through a comprehensive customer profiling and strong risk management. While we take care of every aspect of governance, we continue to operate our businesses steadily and reliably across our housing finance portfolio and have been consistently delivering satisfactory outcomes. We are proud that we have managed to strike the right balance between customer responsiveness, empathy and rigorous risk management.

The year gone by saw steady progress. We strengthened our total revenues and net profit by 39.98% and 136.25%, respectively. The performance was largely driven by positive outlook towards affordable housing industry. Our loan book surged

45.46% during the year to ₹ 119.17 billion. We expanded our reach to over 75+ branches and further aim to increase our touch points by leveraging the Group company network.

Having been a pioneer in digital initiatives across sourcing, processing, decision-making, operations, collections and customer services, we continued to operate through technology-led solutions for better service delivery. We acquired several customers through Jhatpat Loans, an intelligent application with online integrations for eKYC and automated decision engine working real-time. It improved productivity and enhanced customer experience through paperless process and quick loan sanctioning time of 30-35 minutes. We also initiated alternative customer acquisition strategy through digital channels like website promotions, Facebook and digital marketing. Going forward, we aim to bring in self-employed and Swaraj Home Loans on the Jhatpat Loans platform and also look forward towards further strengthening the analytical aspects of our applications.

At IIFL Home Finance, we remain committed towards delivering innovative solutions that are in sync with the upcoming demand of affordable housing and Government's mission of 'Housing for All'. To deliver on this opportunity, we will continue to invest in our people and technology. We will work across the Group to improve the customer experience and our efficiency and provide holistic financial solutions.

Building from this foundation, we have embarked on a journey to raise the bar on how we deliver to our clients. I would like to thank the shareholders and customers for their support and confidence. I would also like thank our Board of Directors for their stewardship, guidance and hard work. And last but not the least, our employees. Thank you all for your relentless enthusiasm, sustained dedication and application of talent that you bring to work every day. There is much more yet to be done and I am conscious that together we are taking the bar higher and higher to make us the remarkable company we are. Excellence has no finishing line.

S.Sridhar
Chairman

Message from the CEO



Going ahead, our key priority will be to capitalise on technology advantages, leading to cost effective and efficient processes. Our vision is to expand in tier II and III cities by leveraging the IIFL group network of 1,400+ touch points.

Dear Shareholders,

It gives me immense pleasure to share our company's outreach which has touched individuals' lives and left its mark in the form of a large impact beyond the economic growth of the nation.

India's macroeconomic fundamentals improved on the back of significant policy initiatives by the Government aided by a stable monetary policy, controlled inflation and thrust on infrastructure development. With liberal FDI regime, the country has witnessed a sovereign rating upgrade and also climbed up the ranking in the Ease of Doing Business. The strong demand for credit is witnessed with encouragement from the Government for SME growth, affordable housing in smart cities and schemes such as Pradhan Mantri Awas Yojna.

I understand, a considerable portion (65%) of the Indian population is under 35 years of age and is full of aspirations. This will help enhance the demand for loans in the affordable housing segment. Also, with the thrust in urbanisation with 100 upcoming smart cities in India, the home loan demand is of 'Housing for All' which is expected to move only Northwards. With the initiative of 'Housing for All' by 2022 under Pradhan Mantri Awas Yojana (PMAY), the government targets

building 20 million* affordable houses by March 31, 2022, this leads to a great business opportunity with the demand exceeding supply.

Understanding the inherent need, the Company has developed an attractive product suite to cater to all customer segments, with focus on the informal income groups as well. Through Swaraj Home Loans, we are helping the customers, who do not have access to formal credit otherwise, fulfill the dream of owning their first home. We also provide credit support to the SME sector through loan against properties, which is a highway to the success of 'Make in India'.

In order to fulfill these milestones, the Company empowers its new age employees with relevant training, updates for continuous growth. With an objective to achieve scalable growth, we are committed to create a learning culture where young talent takes up challenges and responsibilities. With a strong belief in Digital India, the Company offers transparency and has launched an AI powered bot, Infeedo, for employee feedback.

Keeping the customer in mind, we provide door-step service, on-site loan decisioning and access to information through multiple channels including social media platforms. We also have a dedicated App for loan related information and queries.

The Company is focused on using advanced technology to enhance service, credit approval decisions and drive customer satisfaction. We have extensively worked towards integrating our processes and driving efficiencies across all levels. Advanced technology has resulted in elimination of undesired touch points, increased speed, efficiency in day-to-day operations and superior analytical insights in line with changing customer requirements.

We believe technology-driven integration will lead to uniformity, economies of scale and faster dissemination of loans. As a result, the entire loan sanction process is completed within 45 minutes. Our processes are aligned to provide benefits of the subsidy to the customers under Pradhan Mantri Awas Yojana - Credit Linked Subsidy Scheme (PMAY-CLSS). The Company has emerged amongst the top three players in the housing finance industry through its contribution of over ₹ 3 billion in the subsidy scheme. The Company has also been working in collaboration

with various State Governments for public-private partnership projects which has further strengthened its position in the industry. We received ₹ 6.65 billion as refinance from National Housing Bank in FY 2017-18, as compared to ₹ 1.6 billion in the previous financial year.

While we have seen a robust growth of our loan book, we have also been successful in increasing the granularity of the same with reducing average ticket size. During the financial year 2017-18, we reported 45% increase in our loan book and disbursed over ₹ 74 billion. Our average ticket size has gone down from ₹ 2.97 million to ₹ 2.27 million in the last 3 years. Our customer acquisition has doubled during the year and we have a total of over 50,000 customers as of FY 2017-18. All this was supported with the aid of well-documented risk management policies and team of experienced industry professionals.

Going ahead our key priority will be to capitalise on technology advantages, leading to cost effective and efficient processes. Our vision is to expand in tier II and III cities by leveraging the IIFL Group network of 1,400+ touch points. We have embarked our journey towards growth in size and strengthen the granular loan portfolio.

I would like to thank all our shareholders for their constant contribution and support. I am deeply grateful to our employees who, through their skills and relentless efforts, have enabled us to reach where we are today.

Regards,

Monu Ratna

Chief Executive Officer (CEO)

Advisory Board



Mr. Keki Mistry

Mr. Keki M. Mistry is a Fellow of The Institute of Chartered Accountants of India. Mr. Mistry joined the corporation in 1981. He was appointed as Executive Director in 1993, as Deputy Managing Director in 1999, and as Managing Director in 2000. He was re-designated as the Vice Chairman and Managing Director in October 2007 and as Vice Chairman and Chief Executive Officer since January 2010. Besides being on the board of several HDFC group companies, Mr. Mistry is a Director on the Board of other public limited companies such as HCL Technologies, Sun Pharmaceutical Industries, Torrent Power. He is also on the board of CDC Group, London.



Mr. Keki Dadiseth

Mr. Keki Dadiseth, a Fellow member of The Institute of Chartered Accountants in England & Wales, had joined Hindustan Lever Ltd. in 1973 and became Chairman of HUL in 1996. He was appointed as Director on the Board and Executive Committee of Unilever PLC and Unilever NV in May 2000. In India, he is on the Boards of Britannia Industries, Piramal Enterprises, Siemens, Godrej Properties, JM Financial Ltd. and J M Financial Services Ltd. He is the Chairman of the Convening Board of Marsh & McLennan Cos. In India, and Non-Executive Chairman of Omnicom India. He is also on the Advisory Boards of Accenture Services Private Limited, PricewaterhouseCoopers Private Limited and Indian School of Business and a Senior Advisor to the World Gold Council, India.



Mr. Ashok Jha

Mr. Ashok Jha, an IAS Officer, has had a stint of 38 years in civil services and held crucial positions in State and Central Government establishments. For about two years, Mr. Jha served in the Finance Ministry of the Government of India, first as Secretary, Economic Affairs and later with additional responsibility as Finance Secretary. He was India's alternate Governor in the World Bank and the Asian Development Bank. Mr. Jha served as the Secretary, Department of Industrial Policy and Promotion and Chairman of Foreign Investment Promotion Board (FIPB) in his capacity as Secretary, Economic Affairs. He was also Advisor, International Affairs, FICCI. After retiring, Mr. Jha was President, Hyundai Motors, India. He is currently an Independent Director on the Boards of some companies.



Mr. Sat Pal Khattar

Mr. Khattar is a Singapore-based Indian community leader and businessman. He was founder of Khattar Wong & Partners, one of Singapore's largest law firms and is the Chairman of Khattar Holdings, a private family investment firm. Among the various positions held by him, Mr. Khattar was Chairman of the Board of Trustees of Singapore Business Federation and a member of the President Council for Minority Rights. He is a Life Trustee of the Singapore Indian Development Association (SINDA) and Co-Chairman of the Singapore-India Partnership Foundation. He received the prestigious Padma Shri Award from the Government of India in 2011.



Mr. S. Venkatachalam

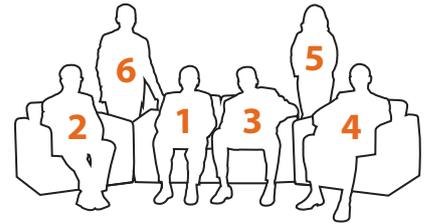
Mr. S. Venkatachalam is the Chairman of the Board of Directors of Oracle Financial Services Software. He has served Citibank N. A. for nearly 30 years, holding several senior positions during his stint. He is currently on the Board of Equifax Credit Information Services and Canara Robeco Asset Management Company. He was an advisor to Karvy Financial Services from 2010-2016. He has previously served as an advisor to Fullerton India Credit Corporation and was on the Board of State Bank of India as an Independent Director. A Chartered Accountant by profession, he has rich experience in the field of banking, finance, administration, compliance, taxation and labour laws.



Mr. Somasekhar Sundaresan

Mr. Somasekhar Sundaresan is an independent counsel with a regulatory litigation practice focused on securities laws, competition law, exchange controls and corporate law. Prior to setting up chambers as counsel, he was a partner at J. Sagar Associates, a national law firm and headed the firm's financial sector regulatory practice.

Board of Directors



1. Mr. S. Sridhar

Chairman and Independent Director

Mr. S. Sridhar holds degree from IIT, Delhi and did his Master's from Jamnalal Bajaj Institute of Management Studies, Mumbai. He is an eminent personality in the banking and finance industry with more than 44 years of rich experience and has held several senior positions in retail, corporate and export/import banking in his career. He is widely acknowledged as an innovative, market oriented banker and strategic thinker providing transformational leadership to the organisations he has worked with. He was the Chairman and Managing Director of National Housing Bank (NHB) and subsequently of Central Bank of India, where he was responsible for a number of new initiatives such as the NHB Residex, Rural Housing Fund, Reverse Mortgage for senior citizens. Prior to this, he was associated with Export Import Bank of India as an Executive Director and State Bank of India as an Executive Director. Mr. Sridhar has been a pioneer in championing the concept of affordable housing in India and contributed significantly to public policy formulation.

2. Mr. Kranti Sinha

Independent Director Former Executive Director, LIC

Mr. Kranti Sinha holds a Master's Degree in Arts from Agra University and after completing the post graduation in 1963, he joined Life Insurance Corporation of India in 1965 as a directly recruited officer. He has served as the Director and Chief Executive Officer of LIC Housing Finance from 1998 to 2002 and concurrently as the Managing Director of LICHFL Care Homes (a wholly owned subsidiary of LIC Housing Finance). He retired from the permanent cadre as the Executive Director of LIC. He also served as the Deputy President of the Governing Council of Insurance Institute of India and as a member of the Governing Council of National Insurance Academy, Pune.

3. Mr. Nirmal Jain

Founder, IIFL Group Chairman, IIFL Holdings Limited

Mr. Nirmal Jain is the Founder and Chairman of IIFL Holdings Limited. Coming from a family of commodity traders in Rajasthan, trading was in his blood. The IIM-Ahemdabad alumni, a rank holding Chartered Accountant and a Cost Accountant began his career in 1989 with Hindustan Lever's Commodity export business. He has about 28 years of experience in the financial service and other sectors. He floated a financial research and business information firm Probity Research which, later on, became India Infoline, one of the first independent equity research companies in India. He was instrumental in steering the Group's foray into various businesses that have grown significantly over the years in terms of net-worth and profitability. Under his leadership, IIFL Group has emerged as a dominant and diversified player in the financial services space over the past 23 years.

4. Mr. R. Venkataraman

Co-Promoter and Managing Director, IIFL Holdings Limited

Mr. R. Venkataraman is Co-Promoter and Managing Director of IIFL Holdings Limited. He holds a B.Tech from Indian Institute of Technology, Kharagpur and MBA from Indian Institute of Management (IIM), Bangalore. He joined the IIFL group in July 1999 and has been on the Board of Directors of the Company since its inception. He has been instrumental in establishing various lines of business over the past 18 years. He previously held senior managerial positions at ICICI Limited, including ICICI Securities, its investment banking joint venture with JP Morgan and Barclays BZW. He worked as Assistant Vice President with GE Capital Services India in its private equity division. He has a varied experience of 27 years in the financial services sector.

5. Ms. Deepali Nair

Chief Marketing and Digital Officer of IIFL Wealth Management Limited

Ms. Deepali Nair is the Chief Marketing and Digital Officer of IIFL Wealth Management Limited and is responsible for communication, branding, marketing and digital initiatives. In a career spanning over two decades, she has worked with organisations such as Tata Motors, BPL Mobile, Draft FCB Ulka, Marico, HSBC Global Asset Management, L&T Insurance and Club Mahindra. Apart from Brand and Digital Marketing, she has managed e-commerce portfolios too. Her work in digital and technology space is widely regarded. In 2015, Deepali was awarded the 'Content Marketer of the Year' award. She has also received the 'Leading Woman in Insurance' award and has been listed among top 8 futuristic brand heads by www.socialsamosa.com.

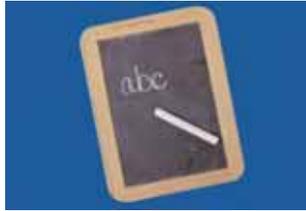
6. Mr. Monu Ratra

Executive Director & CEO

Mr. Monu Ratra serves as the ED & CEO at IIFL Home Finance Limited. With a stint of almost two decades in the mortgage industry, Mr. Ratra has chaired leading positions at brands like HDFC Ltd., ICICI Bank and Indiabulls Housing Finance. Prior to joining IIFL Home Finance Limited, his last assignment was with Indiabulls HFC as National Business Manager. He has been a part of pioneering teams leading various functions to provide excellence through quality initiatives and contributing to industry-leading growth. While with the last company, his efforts and vision led to the building of a growing sales structure, starting from a scratch, in a start-up like environment.

At IIFL Home Finance Limited, Mr. Ratra brings a strong focus on developing and delivering customer satisfaction with ease and low turnaround time. His vision is that of adapting and aligning the company with new technology and digital era while maintaining an everlasting culture of customer centricity.

Environmental, Social and Governance Reporting



Environmental, Social and Governance performance is increasingly being recognised as a key factor in an organisation’s long-term sustainability.

IIFL understands the need for and believes in a sustainable economy. To play a catalytic role in the transition to a sustainable future, we are committed to conduct business in a sustainable, fair, transparent and responsible manner. In the course of business, we design products to suit borrowers’ needs and also promote environmental and social compliance alongside. We realise that the true value of our Company goes beyond monetary returns and give importance to relationship management with all our stakeholders – employees, customers and community at large, along with having a strong governance structure in place.

The parent Company, IIFL Finance, has a dedicated, Board-approved ESG committee which meets quarterly to discuss a range of ESG issues. The committee adheres to the following operational principles:

-  Compliance to Environmental and Social Safeguards
-  Good Working Conditions
-  Environment Protection and Resource Efficiency
-  Adherence to Fair Practice Code
-  Community Health, Safety and Security
-  Borrower Protection and Education



Social Impact

Our housing loan products are designed to provide financial services to a wider spectrum of people belonging to the underserved communities. Through our Swaraj Home Loans, we empower customers from the informal income segment and fulfil their dreams of owning a home.

The Company has undertaken several initiatives to promote women’s economic empowerment in IIFL. We have also implemented many initiatives for employee welfare, leadership development and employee engagement programs.

On the social front, IIFL Foundation (the CSR arm of the group) undertakes many initiatives for community welfare, with a special focus on education.

Out-of-school children are one of the biggest challenges in India today. To address this, IIFL Foundation has set up close to 1,150 community schools in rural and remote areas of Rajasthan and has managed to bring back over 35,000 out-of-school girls (never enrolled/ dropped out) into the fold of education. The foundation has also started study centres for children of construction workers on sites where IIFL is providing developer finance, with the aim of providing access to education to those children who are otherwise without means to attend school. IIFL Foundation appoints a teacher for five hours each day to teach these children while their parents are on the site.

Financial Literacy Programs in West Bengal and North-East India and rural Maharashtra, free eye surgery camps in Uttar Pradesh and cancer care camp in Karnataka, rural development by building check-dams for harvesting rain water in over 25 villages in Western Maharashtra and the parched Marathwada region, are some more ways in which IIFL Foundation is proactively contributing towards community building as a responsible organisation.

Swacchhta Ka Vaada



Environmental Initiatives

As an environmental initiative, the Company launched a 'Green Building' initiative - Project Kutumb – which focuses on the opportunity to promote sustainable and energy efficient real estate development via IIFL's developer finance business. The platform brings together industry experts and housing developers to create a sustainable infrastructure and a know-how model of Green Buildings and sets the stage for blending benefits of green homes within the affordable housing segment in India.

Sound Governance Structure

IIFL follows high standards of governance and disclosure. The Company firmly believes that adherence to business ethics and a sincere commitment to corporate governance will help achieve the vision of being the most respected Company in the financial services space in India.

With the implementation of a Whistle Blower policy, Anti-Corruption policy, Gift policy and a stringent employee code of conduct policy, the Company has moved ahead in its pursuit of excellence in corporate governance. Our core organisational values -Fairness, Integrity and Transparency, embody our dedication to making right choices and observing zero-tolerance towards any violations.

Our Board has Independent Directors, highly respected for their professional integrity as well as rich financial and banking experience and expertise.

Corporate Social Responsibility

The concept of CSR has long been used as an effective tool to examine the actions a business can take towards ensuring long-term well being and sustainability of the communities.

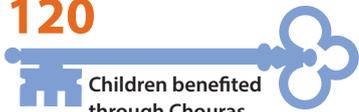
Key Initiatives:

Chouras - 'Building Futures'

Mission 'Chouras' was recently launched through IIFL Foundation to help construction workers with their children's education. The aim is to provide access to education to those children who are otherwise without means to attend school and contribute to their skill development in order to empower them to take up jobs in the future other than construction work thus break the vicious circle of poverty and illiteracy.

IIFL Foundation appoints a teacher for five hours each day to teach these children, when their parents are on the site. The focus is more on providing functional literacy as the engagement period is often limited as a worker typically spends four months to a year on the site. The program was launched in Noida, Gurgaon and Ghaziabad and will be expanded in future.

120
Children benefited through Chouras




Changing Destinies through Education

IIFL Foundation is committed to create a 'literate' Rajasthan by 2030 through 'Sakhion ki Baadi' (SKB) with a strong professional approach. We bring the best suited practices backed by innovation and technology. The initiative has helped empower and educate girls across 21 blocks in 12 districts of South Rajasthan including tribal districts of Rajsamand and Udaipur.



Mitra

As a financial services company, we understand our responsibility of spreading financial literacy among the masses. Financial literacy (FinLit) is one of the flagship programs of IIFL under our Financial Literacy Agenda for Mass Empowerment (FLAME) initiative.

Initiated in December 2017, Mitras' are a cadre of trained women volunteers who mobilise women clientele through awareness programs.



Directors' Report Financial Year 2017 - 18

Dear Members,

Your Directors have pleasure in presenting Twelfth Annual Report of your Company with the Audited Financial Statements for the financial year ended March 31, 2018.

1) FINANCIAL RESULTS

Particulars	(₹ in Millions)	
	2017-18	2016-17
Gross Total Income	12,686.66	9,063.13
Less: Expenditure	9,660.07	7,791.92
Profit/ Loss before Taxation	3,026.59	1,271.21
Less: Taxation	1,052.50	435.63
Net Profit/ (Loss) after Tax	1,974.09	835.58

2) REVIEW OF BUSINESS

Your Directors are pleased to inform that during the year under review, the Company has earned a Net Profit of ₹ 1,974.09 Million as compared to previous year's Net Profit of ₹ 835.58 Million, an increase of 136.25%. Total Revenue has grown by 39.98 % and stood at ₹ 12,686.66 Million as against ₹ 9,063.13 Million in the previous year.

The Loan book of Company grew robustly by 45.46% to ₹ 119,169.25 Million as of March 31, 2018 as against ₹ 81,924.01 Million in the previous year. The Gross NPA for 2018 is ₹ 868.93 (0.73%) while Net NPA is ₹ 297.17 Million (0.25%).

3) RESOURCE MOBILISATION

Non Convertible Debentures (NCDs)

During the year under review, the Company issued Secured Redeemable Non Convertible Debentures aggregating to an amount of ₹ 3,521 Million and Unsecured Redeemable Non Convertible Subordinated Debentures aggregating to an amount of ₹ 1,850 Million. Further, the Company redeemed Non Convertible Debentures of amounting to ₹ 3,953 Million (face value), issued on private placement basis.

The Company has been regular in making payments of principal and interest on NCDs. The Company has complied with the provisions of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement Basis (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, 2018, no Debenture, 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 ₹ 9,893.02 Million and non-

housing loan portfolio aggregating to ₹ 7,500.20 Million. The Company was appointed as servicer by the Assignee/Trustee to collect and receive payment of the receivables from the Securitised/Assigned Assets. In case of assignment transaction, the receivables will be distributed in the agreed ratio between the Assignee and the Assignor on a pari passu basis.

Term Loans and other Borrowings

During the year under review, the Company availed ₹ 6,650 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.

4) DIVIDEND

With a view to conserve resources of the Company, your Directors do not recommend any dividend on Equity Shares of the Company for the financial year ended 2018.

5) TRANSFER TO RESERVES

During the year under review, the Company transferred ₹ 395 Million (20.01% of Net Profit for the year) to Special Reserves under the provisions of Section 29C of the National Housing Bank Act, 1987. As on March 31, 2018, the said Reserves stood at ₹ 962.70 Million.

6) SHARE CAPITAL OF THE COMPANY

As on March 31, 2018, Authorised Share Capital of the Company was ₹ 1,720,000,000 (Rupees one hundred and seventy two crore only) divided into 152,000,000 (Fifteen crore and twenty lakh) Equity Shares of ₹ 10 (Rupees ten only) each and 20,000,000 (Two crore) Preference Shares of ₹ 10 (Rupees ten only) each and paid-up share capital of the Company stands at ₹ 199.68 Million.

7) DEPOSITS

During the year under review, your Company has not accepted/ renewed any deposit within the meaning of Section 73 of Companies Act, 2013 read with applicable rules thereto.

Directors' Report Financial Year 2017 - 18 (Contd.)

8) 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, 2018.

9) VIGIL MECHANISM

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

10) CREDIT RATING

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

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

11) CORPORATE AGENCY

The Company has been granted a Certificate of Registration (Reg. No. CA0453) by Insurance Regulatory and Development Authority of India ("IRDA") to act as Corporate Agent. The Certificate is valid till January 29, 2020.

12) RISK MANAGEMENT

As an HFC, your Company is exposed to credit, liquidity and interest rate risk. The Company has invested in people, processes and technology to mitigate risks posed by external environment and by its borrowers.

Your Company has a Board approved Integrated Risk Management Policy which has laid down a framework for identifying, assessing, measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks. Risk Management Committee constituted by the Board of Directors of your Company reviews its Risk management Policy, systems and processes periodically.

Your Company's conservative approach to portfolio management coupled with a rigorous portfolio review mechanism has enabled it to get early stress signals and to take corrective actions.

Your Company's Management confirms that no significant and material orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operation in future in accordance with Rule 8 (5) (vii) of the Companies (Accounts) Rules, 2014.

13) ANNUAL EVALUATION OF THE BOARD

- a) Pursuant to the provisions of the Companies Act, 2013, the Board of Directors has carried out an annual performance evaluation of its own performance, the Directors individually including Independent Directors.
- b) In compliance with the provisions of the Companies Act, 2013, the Independent Directors held a meeting on March 28, 2018, and
 - Reviewed the performance of Non-Independent Directors and the Board as a whole;
 - Reviewed the performance of the Chairperson of the Company;
 - Assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board, which is necessary for the Board to effectively and reasonably perform their duties;
 - The review took into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

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

Directors' Report Financial Year 2017 - 18 (Contd.)

14) DIRECTORS AND KEY MANAGERIAL PERSONNEL

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.

The Remuneration and other details of the Key Managerial Personnel for the year ended March 31, 2018 are mentioned in the Extract to the Annual Return in Form MGT-9 which is attached as "Annexure I" and forms a part of this Report of the Directors.

15) STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS

In terms of provisions of sub-section (7) of Section 149 of the Companies Act, 2013, the Company has received declaration by Independent Directors stating and confirming that they are not disqualified to act as Independent Directors on the Board of the Company and further the Board is also of the opinion that the Independent Directors fulfil all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Director.

16) AUDITORS

During the year under review, M/s Deloitte Haskin & Sells LLP, Chartered Accountant (Firm Registration No. 117366W/W-100018) was appointed as the Statutory Auditors of the Company by the members at the eleventh Annual General Meeting of the Company on July 21, 2017, for the period of five years subject to ratification of their appointment by the members at every Annual General Meeting.

M/s Deloitte Haskins & Sells LLP, Chartered Accountants have given the necessary consent and certificate pursuant to the provisions of the Sections 139(1) and 141 of the Act and Companies (Audit and Auditors) Rules, 2014 for their eligibility to continue as the statutory auditors of the Company.

The Board recommends the ratification of appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors of the Company in ensuing Annual General Meeting.

17) REPORTING OF FRAUDS BY AUDITORS

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

18) REGULATORY GUIDELINES

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

Your Company has been maintaining capital adequacy as prescribed by the NHB. The Capital adequacy was 17.17% (as against 12% prescribed by the NHB) as on March 31, 2018.

19) 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. A report on Corporate Governance is enclosed at Annexure VII.

20) REMUNERATION POLICY

The Remuneration Policy of the Company is available on the website of the Company is attached herewith as "Annexure III" and forms part of this Report.

21) EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return of the Company in form MGT - 9 is annexed herewith as "Annexure I".

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

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

Directors' Report Financial Year 2017 - 18 (Contd.)

23) 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 V" 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.

24) 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 6716 7080
Fax: +91 22 6716 7077
E-mail: vaishali@milestonetrustee.in

25) 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, 2018 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.

26) 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.

27) 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 exempt under the provisions of Section 186(11) of the Companies Act, 2013. As such the particulars of loans and guarantee have not been provided in this report.

As regards investments made by the Company, the details of the same are provided under Notes No. 15 forming part of the Audited Financial Statements for the year ended March 31, 2018.

28) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the financial year were in ordinary course of the business of the Company and were on Arm's Length basis. No contract/ arrangement have been entered into by the Company with its Promoters, Directors, Key Managerial Personnel or other persons which may have a potential

Directors' Report Financial Year 2017 - 18 (Contd.)

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, 2018.

29) NHB INSPECTION

The Net Owned Funds and CRAR of the Company as assessed by NHB inspectors was ₹ 4,847,751,238/- and 17.34% respectively as on and for the year ended March 31, 2016 as against reported Net Owned Funds and CRAR ₹ 4,873,556,988/- and 16.75% respectively. This disclosure is made pursuant to the specific requirement of NHB inspection observations for F.Y. 2015-16, vide letter no. NHB (ND)/HFC/DRS/Sup./1363/2018 dated January 20, 2018.

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

The Company does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable.

The information pursuant to section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is as follows:-

- i) Parts A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- ii) Foreign Exchange earnings and outgo: Earnings- Nil
Outgo- ₹ 0.81 Million on account of Advertisement expense (previous year: 0.22 Million)

31) EMPLOYEE REMUNERATION

The information required pursuant to sub-section 12 of the Section 197 of Companies Act, 2013 read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in "Annexure IV".

In terms of the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company and the same will be furnished on request.

In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to members and others entitled thereto.

32) 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. The detail of complaint received by the Company during the year under review is provided below:

Workplace Sexual Harassment complaints received	FY 2017-18
Number of complaints received	1
Number of complaints disposed off	1
Number of complaints pending	Nil
Manner in which the complaints were disposed off	In accordance with the Policy of the Company and after due inquiry / investigations, necessary actions were taken and dispensed off.

Directors' Report Financial Year 2017 - 18 (Contd.)

33) 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) Extracts of the Annual Return in Form MGT-9-Annexure I
- b) Report on Corporate Social Responsibility - Annexure II
- c) Nomination and Remuneration Policy- Annexure III
- d) 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 IV
- e) Secretarial Audit Report- Annexure V
- f) The Policy on Related Party Transaction- Annexure VI
- g) Report on Corporate Governance- Annexure VII

34) 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

Executive Director & CEO

DIN: 07406284

R Venkataraman

Director

DIN: 00011919

Place: Mumbai

Date: May 2, 2018

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	INDIA INFOLINE HOUSING 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	12A-10, 13th Floor, Parinee Crescenzo, G Block, C-38&39, Bandra Kurla Complex, Bandra- East, Mumbai- 400051
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	96.04%

III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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	19,967,581	600*	19,968,181	100	19,967,581	600*	19,968,181	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)	19,967,581	600*	19,968,181	100	19,967,581	600*	19,968,181	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) FIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
h) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub- Total (B) (1)									
2) Non-Institutions									
a) Bodies Corporates									
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individuals holding nominal share capital up to ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
(ii) Individual holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others	-	-	-	-	-	-	-	-	-
Sub (B) (2)									
Total Public Shareholding (B) = (B) (1) + (B) (2)									
C) SHARES HELD BY CUSTODIAN FOR GDR'S AND ADR'S									
Grand Total (A+B+C)	19,967,581	600*	19,968,181	100	19,967,581	600*	19,968,181	100	Nil

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

Annexure (I) (Contd.)

ii) Shareholding of Promoters

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

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

iii) Change in Promoters' Shareholding: Nil

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

Company is wholly owned subsidiary of India Infoline Finance Limited. This clause is not applicable.

v) Shareholding of Directors and Key Managerial Personnel

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

*As a nominee of India Infoline Finance Limited.

** Ms. Rajashree Nambiar ceased to be Director of the Company with effect from January 31, 2018.

V) INDEBTEDNESS

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

(₹ in Millions)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
i) Principal Amount	53,643.33	11,069.43	-	64,712.76
ii) Interest Due but not paid	-	-	-	-
iii) Interest Accrued but not due	2,542.28	105.28	-	2,647.56
Total (i+ii+iii)	56,185.61	11,174.71	-	67,360.32
Change in Indebtedness during the financial year Additions / (Reduction)				
i) Principal Amount	23,300.32	11,258.94	-	34,559.26
ii) Interest Due but not paid	-	-	-	-
iii) Interest Accrued but not due	(57.12)	197.82	-	140.70
Net Change	23,243.20	11,456.76	-	34,699.96
Indebtedness at the end of the financial year				
i) Principal Amount	76,943.65	22,328.37	-	99,272.02
ii) Interest Due but not paid	-	-	-	-
iii) Interest Accrued but not due	2,485.16	303.10	-	2,788.26
Total (i+ii+iii)	79,428.81	22,631.47	-	102,060.28

Annexure (I) (Contd.)

VI) Remuneration of Directors and Key Managerial Personnel

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

(₹ in Millions)

Sr. No	Particulars of Remuneration	Managing Director – NA	Mr. Monu Ratra - Executive Director & CEO	Manager – NA	Total Amount
1)	Gross Salary as per provisions contained in Section 17 (1) of Income Tax Act, 1961	-	18.79	-	18.79
	Value of Perquisites u/s 17 (2) of Income Tax Act, 1961	-	-	-	-
	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)	-	10.00	-	10.00
	Total (A)	-	28.79	-	28.79
	Ceiling as per the Act	In terms of the provisions of the Companies Act, 2013, ("Act") the remuneration payable to the Executive Director shall not exceed 5% of the net profit of the Company as calculated as per the Act. The remuneration paid to Mr. Monu Ratra – Executive Director & CEO was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the Members of the Company.			

B) Remuneration to other Directors

(₹ in Millions)

Sr. No	Particulars of Remuneration	Name of Directors		Total Amount	
		Kranti Sinha	S Sridhar		
1)	Independent Directors				
	Fees for attending Board Committee Meeting	0.36	0.36	0.72	
	Commission	-	1.0	1.0	
	Others, please specify	-	-	-	
	Total (1)	0.36	1.36	1.72	
2)	Other Non- Executive Director				
	Fees for attending Board Committee Meeting	-	-	-	
	Commission	-	-	-	
	Others, please specify	-	-	-	
	Total (2)	-	-	-	
	Total B (1+2)				
	Total Managerial Remuneration				
	Overall ceiling as per the Act.	<p>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.</p> <p>2. The remuneration paid to the Directors of the Company was within the overall ceiling as prescribed under the Companies Act, 2013.</p>			

Annexure (I) (Contd.)

VI) Remuneration of Directors and Key Managerial Personnel (Contd.)

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

(₹ in Millions)

S. 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	18.79	3.60	4.50	26.89
	b) Value of Perquisites u/s 17 (2) of Income Tax Act, 1961	-	-	-	-
	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)	10.00	0.70	0.85	11.55
5	Total	28.79	4.30	5.35	38.44

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					
B. Directors			Not Applicable		
C. Other officers in Default					

For and on behalf of the Board of Directors

Monu Ratra

Executive Director & CEO

DIN: 07406284

R Venkataraman

Director

DIN: 00011919

Place: Mumbai
Date: May 2, 2018

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]

a) Outline of CSR Policy

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

- Growth
- Integrity
- Fairness
- Transparency
- Service Orientation

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

The focus areas prioritized by India Infoline Housing Finance Limited in its CSR strategy are given below:

- Girl Child Illiteracy eradication program
- Chouras – learning centre for children of construction workers children.
- Govt. School revival program.

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

b) Composition of the CSR Committee

India Infoline Housing Finance Limited has constituted a CSR Committee of the Board that fulfills all requirements

4) DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

During FY 2017-18, India Infoline Housing Finance Limited spent a total of INR 21,209,000/- on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below.

Sr. No	Projects/ Activities	Sector	Locations	Amount Outlay (Budget) Projects or Programs wise	Amount Spent on the Projects or programs	Cumulative Expenditure up to Reporting Period	Amount Spent : Direct or through Implementing Agency
1)	Government school revival program	Education	Udaipur Rajasthan	1,977,794	Direct – 1,977,794	1,977,794	Through India Infoline Foundation.
2)	Government school revival program	Education	Rajsamand Rajsathan	1,469,000	Direct- 1,469,000	1,469,000	Through India Infoline Foundation
3)	Government school revival program	Education	Rajsamand Rajasthan	694,000	Direct - 694,000	694,000	Through India Infoline Foundation
4)	Smart Digital School program	Education	Across 9 locations in Rajasthan	1,163,978	Direct 1,163,978	1,163,978	Through India Infoline Foundation

of Section 135 of the Companies Act 2013 (hereafter referred to as Section 135). The members constituting the Committee as well as their designations have been listed below:

- Mr. R. Venkatraman, Chairman & Non Executive Director
- Mr. Nirmal Jain, Non Executive Director
- Mr. Kranti Sinha, Independent Director

c) Prescribed CSR spend of India Infoline Housing Finance Ltd.

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

The average net profit of the Company of the last three financial years was calculated to be ₹ 1,060,403,761.

b) Prescribed CSR Expenditure

The recommended CSR expenditure for India Infoline Housing Finance Limited as per Section 135 for the financial year 2017-18 was ₹ 21,209,000.

c) Amount Spent

During the financial year 2017-18, India Infoline Housing Finance Ltd. could spend entire amount i.e. ₹ 21,209,000 on various social development activities. That is India Infoline Housing Finance spent exact 2% on its CSR activities.

d) Amount unspent

Nil

Annexure (II) (Contd.)

Sr. No	Projects/ Activities	Sector	Locations	Amount Outlay (Budget) Projects or Programs wise	Amount Spent on the Projects or programs	Cumulative Expenditure up to Reporting Period	Amount Spent : Direct or through Implementing Agency
5)	Chouras – learning centre for children of construction workers	Education	Noida U.P.	37,000	Direct 37,000	37,000	Through India Infoline Foundation .
6)	Sakhion ki Baadi – community school program for out of school girls	Education	Bhilwara & Banswada Rajasthan	15,867,228	Direct 15,867,228	15,867,228	Through India Infoline Foundation

Brief description of the projects:

- 1) Girl Child illiteracy eradication program:** It is a matter of great concern and shame that girls in large number continue to be out of school and remain illiterate. This problem is particularly severe in northern state of Rajasthan. India Infoline Foundation has vowed to change this in next few years through starting community schools which are multi grade multi level schools started in the villages as per the convenience of the girls to enable them to get educated. With 1067 such schools called "Sakhion ki Baadi", India Infoline foundation has already brought back over 33,000 girls into the fold of education and this is just the beginning.
- 2) Chouras:** India Infoline Foundation started a learning centre for children of construction workers on one of the sites of India Infoline Housing Finance Ltd. The site located at Noida has over 40 children at any given point of time. Chouras runs for half the day each day and provides basic functional literacy skills to the children.
- 3) Govt. school revival program:** The falling standards in government schools can be attributed to both – lack of adequate teachers and dilapidated infrastructure of the school building. Also lack of adequate number of class rooms for the children force them to sit under the tree to study resulting in losing critical study time to natural vagaries. India Infoline Foundation has adopted three schools in South Rajasthan for infrastructure support where additional class rooms and toilet blocks have been built to provide educational ambience to the children and encourage them to attend regularly. Further nine government schools have been adopted for Smart digital school program where India Infoline Foundation has provided smart boards to compensate for lack of teachers. The program has directly impacted over 5000 children.

5) Responsibility statement of the CSR Committee

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

For and on behalf of the Board of Directors

Monu Ratra

Executive Director & CEO

DIN: 07406284

R Venkataraman

Director

DIN: 00011919

Place: Mumbai

Date: May 2, 2018

Annexure (III)

NOMINATION AND REMUNERATION POLICY

I) Objective

This Policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been approved by the Nomination and Remuneration Committee (the Committee) and the Board of Directors.

II) Definitions

- 1) "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- 2) "Board" means Board of Directors of the Company.
- 3) "Key Managerial Personnel" (KMP) means:
 - Managing Director, or Chief Executive Officer or Manager;
 - Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary; and such other officer as may be prescribed.
- 4) "Senior Management" means the personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 / Listing agreement (wherever applicable) as may be amended from time to time shall have the meaning respectively assigned to them therein.

III) Role of committee

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management
- To recommend to the Board on policy on Remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board
- To formulate the criteria for evaluation of Independent Directors and the Board

IV) Appointment and Removal Of Director, KMP and Senior Management

1) Appointment Criteria and Qualifications

- a) A person being appointed as Director, KMP or in Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for appointment.
- b) Independent Director
 - i) Qualifications of Independent Director:

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.
 - ii) Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

2) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3) Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Annexure (III) (Contd.)

V) Remuneration

A) Directors

a) Executive Directors (Managing Director, Manager or Whole Time Director)

- i) At the time of appointment or reappointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.
- ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of Companies Act, 2013.
- iii) The remuneration of the CEO & Managing Director is broadly divided into fixed and incentive pay. In determining the remuneration (including the fixed increment and performance bonus) the Committee shall consider the following:
 - a) the relationship of remuneration and performance benchmark;
 - b) balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c) responsibility required to be shouldered, the industry benchmarks and the current trends;
 - d) the Company's performance vis-à-vis the annual budget achievement and individual performance.

b) Non Executive Director

- i) The Non-Executive Independent Director may receive fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

- ii) A Non Executive Director may be paid commission on an annual basis, of such sum

as may be approved by the Board on the recommendation of the Committee;

- iii) The Committee may recommend to the Board, the payment of commission on uniform basis, to reinforce the principles of collective responsibility of the Board.
- iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- v) The total commission payable to the Directors shall not exceed 1% of the net profit of the Company;
- vi) The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.

B) KMP & Senior Managerial Personnel

- a) The remuneration / compensation / commission etc. to the KMP and Senior Management Personnel will be determined and approved by the Committee. The remuneration of managerial personnel shall be subject to the approval of the shareholders of the Company and Central Government, wherever required, as specified in Companies Act, 2013.
- b) While approving the remuneration of the Key Managerial Personnel and Senior Management of the Company, the Committee will consider maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c) The Committee shall consider and determine that the compensation of remuneration is reasonable and sufficient to attract retain and motivate KMP and Senior Management;

Annexure (III) (Contd.)

VI) Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole.

VII) Other Details

Membership

The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent. The Chairperson of the Committee shall be an Independent Director.

The Chairperson of the Company shall not be a Chairman of the Committee. The term of the Committee shall be continued unless terminated by the Board of Directors.

Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Secretary

The Company Secretary of the Company shall act as Secretary of the Committee. In absence of Company Secretary, the Committee may designate any other officials or any of the members of the Committee who shall act a Secretary of the Committee.

Annexure (IV) (Contd.)

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	95.60x
		Non Executive Director	
		Mr. S. Sridhar	3.32x
		Mr. Kranti Sinha	Nil
		Mr. Nirmal Jain	Nil
		Mr. R. Venkataraman	Nil
2)	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year.	Ms. Rajashree Nambiar	Nil
		Executive Chairman	Nil
		Executive Director & CEO	18%
		Non Executive Director	
		Mr. S. Sridhar	Nil
		Mr. Kranti Sinha	Nil
		Mr. Nirmal Jain	Nil
		Mr. R. Venkataraman	Nil
		Ms. Rajashree Nambiar	Nil
		KMPs other than Directors	
		Chief Financial Officer	18% increment up to July, 2017 and which was further increased by 24% w.e.f. August 2017.
Company Secretary	15%		
3)	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 11%. The calculation of % increase in median remuneration is done based on comparable employees. For this, the employees who were not eligible for any increment have been excluded.	
4)	The number of permanent employees on the rolls of the Company	The Company had 1998 employees on the rolls as on March 31, 2018.	
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)	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.	

Annexure (V)

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[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

India Infoline Housing Finance Limited

CIN: U65993MH2006PLC166475

12A-10, 13th Floor, Parinee Crescenzo,

G Block, C-38 & 39, Bandra Kurla Complex,

Bandra - East, Mumbai, Maharashtra - 400051

We have conducted the Secretarial Audit in compliance with the applicable statutory provisions and in adherence to good corporate practices by India Infoline Housing Finance Limited (hereinafter referred to as 'the Company'), having its Registered Office at 12A-10, 13th Floor, Parinee Crescenzo, G Block, C-38 & 39, Bandra Kurla Complex, Bandra - East, Mumbai, Maharashtra-400051. The process was undertaken at the Corporate Office of the Company at IIFL House, Plot No. 98, Phase - IV, Udyog Vihar, Gurgaon, Haryana-122015. Secretarial Audit was conducted in a manner that provided us a reasonable foundation for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended March 31, 2018, 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, 2018 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, Overseas Direct Investment, and 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, 2009; **[Not applicable as the Company has not listed any share capital during the period under review];**
- iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[Not applicable as the Company has not offered any shares or granted any options pursuant to any employee benefit scheme during the period under review];**
- v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- 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];**

Annexure (V) (Contd.)

- viii) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998; **[Not applicable as the Company has not bought back/proposes to buy-back any of its securities during the financial year under review].**
- VI) Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
- 1) National Housing Bank Act, 1987;
 - 2) Housing Finance Companies (NHB) Directions, 2010;
 - 3) Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
 - 4) Housing Finance Companies Corporate Governance (National Housing Bank) Directions, 2016;
 - 5) Housing Finance Companies Approval of Acquisition or Transfer of Control (National Housing Bank) Directions, 2016;
 - 6) Housing Finance Companies – Auditor’s Report (National Housing Bank) Directions, 2016;
 - 7) Fair Practices Code (FPC) for all HFCs;
 - 8) Guidelines on ‘Know Your Customer’ & ‘Anti Money Laundering measures’ for HFCs.

For the compliances of Environmental Laws, Labour Laws & other General Laws vis-à-vis The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, our examination and reporting is based on the documents, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable Environmental Laws, Labour Laws & other General Laws.

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

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

- 1) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- 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. CSR Committee is constituted in accordance with section 135 of the Act.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Further, during the period under review, one of the Independent Director’s name appeared in the list of disqualified Directors issued by Registrar of the Companies on September 12, 2017 under the provisions of Section 167(1)(a) read with Section 164(2) of the Act. However, it was informed by the management of the Company, that the Independent Director filed a Writ Petition before the Hon’ble High Court of Gujarat at Ahmedabad, which was disposed off vide order dated October 13, 2017 directing the stay on operations of List of disqualified Director in so far as the inclusion of name of the Independent Director was concerned.

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

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

As per the records, the Company 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 in compliance with the Act;

Annexure (V) (Contd.)

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:-

- A) The members in the Extra-ordinary General Meeting held on March 28, 2018 approved:
- i) Increase the borrowing limits to ₹ 15,000 crore (Rupees Fifteen Thousand crore) under Section 180(1)(a) and 180(1)(c) of the Act;
 - ii) Issuance of Non Convertible Debentures on private placement basis, under Section 42 of the Act, aggregating to ₹ 8,000 crore (Rupees Eight Thousand crore) during the Financial Year 2018-19;

- iii) The Company has initiated the process of Change of name from "India Infoline Housing Finance Limited" to "IIFL Home Finance Limited".

For RMG & Associates
Company Secretaries

CS Manish Gupta
Partner

Place : New Delhi
Date : May 2, 2018

FCS : 5123; C.P. No.: 4095

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

ANNEXURE - I

The Members

India Infoline Housing Finance Limited

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

For RMG & Associates
Company Secretaries

CS Manish Gupta
Partner

Place : New Delhi
Date : May 2, 2018

FCS : 5123; C.P. No.: 4095

Annexure (VI) (Contd.)

RELATED PARTY TRANSACTION POLICY INDIA INFOLINE HOUSING 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 subject to further guidance from the Audit Committee/ Board of Directors.

II) Guiding Act/Regulations/Rules

- a) The Companies Act, 2013 and rules made there under
- b) Accounting Standard - 18

III) Definitions

- a) **“Audit Committee”** or **“Committee”** means Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013.
- b) **“Board”** means the Board of Directors of the Company.
- c) **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- d) **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013
- e) **“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.
- f) **“Policy”** means the Policy on Related Party Transactions
- g) **“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—

- a) a director or his relative;
- b) a key managerial personnel or his relative;
- c) a firm, in which a director, manager or his relative is a partner;

- d) a private company in which a director or manager is a member or director;
- e) 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;
- f) 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;
- g) 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;

- h) 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;
- i) such other person as may be prescribed;

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

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

IV) Related Party Transactions (RPT)

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

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- g) underwriting the subscription of any securities or derivatives thereof, of the Company;

Annexure (VI) (Contd.)

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

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

A) Approval of the Board/ Audit Committee

- 1) All proposed related party transactions / arrangements or any modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arms length & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.
- 2) All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:
 - a) The Audit Committee lays down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - b) While granting omnibus approval, the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;
 - d) Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;

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

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

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

B) Approval of Shareholders

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

- i) sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding ten percent of the annual turnover or ₹ 100 crore, whichever is lower.
- ii) selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten percent of net worth or ₹100 crore, whichever is lower.
- iii) leasing of property of any kind exceeding ten percent of the net worth or exceeding ten percent of turnover or ₹ 100 crore, whichever is lower.
- iv) availing or rendering of any services directly or through appointment of agents exceeding ten percent of annual turnover or ₹ 100 crore, whichever is lower.
- v) appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees.
- vi) remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding one percent of the net worth.

C) Review of RPTs by Audit Committee

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

Annexure (VI) (Contd.)

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, 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.

Annexure (VII)

Report on Corporate Governance

India Infoline Housing Finance Limited (the Company) follows the highest standards of governance, through transparency in business ethics and firmly believes that adherence to business ethics and commitment to corporate governance will help the Company achieve its vision of being the most respected Company in the financial services space in India and to protect the interest of its stakeholders. To achieve this objective, the Company has put in place effective control mechanism within the system at each level of operations, and adequate disclosure, reporting and filings arising out of regulatory and statutory requirements are made and its efficacy is reported to the Board of Directors (the Board) from time to time. Affairs of the Company are managed by the eminent Board comprising adequate mix of Executive Director, Non Executive Directors and Independent Directors. Independent Directors are highly respected for their professional integrity and brings rich experience of financial services industry. The Board constituted various committees of Directors and/or officers those were mandated under the Companies Act, by National Housing Bank through its various Policy Circulars/Directions and those were warranted for smooth operations of the Company. The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activity of the Company. Further, members of the Committee and their Terms of References are in line with statutory as well as business requirement of the Company.

1) Board of Directors

The size of the Board commensurate with the size and business of the Company. As on March 31, 2018, the Board comprises of following Directors as mentioned below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S Sridhar	Chairman, Independent Director	4	4
Mr. Monu Ratra	Executive Director & CEO	4	4
Mr. Nirmal Jain	Non Executive Director	4	4
Mr. R Venkataraman	Non Executive Director	4	3
Ms. Rajashree Nambiar*	Non Executive Director	4	3
Mr. Kranti Sinha	Independent Director	4	4

*Ms. Rajashree Nambiar ceased to be Directors of the Company with effect from January 31, 2018.

Responsibilities of the Board

- i) The key purpose of the Board is to ensure the Company's prosperity by collectively directing its affairs, whilst meeting the appropriate interests of its shareholders and stakeholders.
- ii) The Board is primarily responsible for:
 - a) establishing vision, mission & values and determining, reviewing the goals, policy of the Company from time to time;
 - b) setting strategy and structure and deciding the means to implement and support them;
 - c) delegate to Management, determine monitoring criteria to be used to ensuring effectiveness of Internal Controls;
 - d) exercising accountability to shareholders and be responsible to relevant stakeholders; and
 - e) Management and Control.

2) Committees

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

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.

The composition of Audit Committee is given below:-

Mr. S Sridhar – Independent Director

Mr. Kranti Sinha - Independent Director

Mr. R Venkataraman -Non-Executive Director

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;

Annexure (VII) (Contd.)

- iv) approval or any subsequent modification of transactions of the Company with related parties
- v) scrutiny of inter-corporate loans and investments;
- vi) valuation of undertakings or assets of the Company, wherever it is necessary;
- vii) evaluation of internal financial controls and risk management systems;
- viii) monitoring the end use of funds raised through public offers and related matters;
- ix) Appointment of Internal Auditor.

The Audit Committee have such powers and it performs such functions as may be required under the Companies Act, 2013 and such other applicable Regulations as may be notified by National Housing Bank from time to time.

During the year under review, the Audit Committee met 4 times i.e. on May 3, 2017, July 21, 2017, October 30, 2017 and January 30, 2018.

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 Nomination and Remuneration Policy of the Company is available at the website of the Company at <https://www.iifl.com/india-infoline-housing-finance-ltd/corporate-governance>.

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

- i) identify persons who are qualified to become Directors and who may be appointed in Senior Management and recommend to the Board their appointment and removal;
- ii) carry out evaluation of every Director's performance;
- iii) formulate the criteria for determining qualifications, positive attributes and independence of a Director;

iv) to devise policy on:

- a) remuneration including any compensation related payments of the Directors, Key Managerial Personnel and other employees and recommend the same to the Board of the Company;
- b) board diversity laying out an optimum mix of Executive, Independent and Non-Independent Directors keeping in mind the needs of the Company.

During the year under, the Nomination and Remuneration Committee met on May 3, 2017.

C) Stakeholders Relationship Committee

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

Mr. R Venkataraman – Director

Mr. Monu Ratra- Executive Director & CEO

Ms. Rajashree Nambiar- Director

*Ms. Rajashree Nambiar ceased to be member of the Committee with effect from January 31, 2018 due her resignation as a 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 3, 2017 and October 30, 2017.

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 composition of CSR Committee is given below:-

Mr. Kranti Sinha – Independent Director

Mr. R Venkataraman – Director

Ms. Nirmal Jain- Director

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

Annexure (VII) (Contd.)

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

- i) Consider any matters relating to the social, charitable, community and educational activities, expenditures and related publications of the Company that it determines to be desirable. In addition, the CSR Committee shall examine any other matters referred to it by the Board.
- ii) Maintain the Company's CSR policy framework (e.g. environment, human rights and responsible business conduct) in line with best practice and the appropriate international standards and guidelines;
- iii) Receive reports and review activities from executive and specialist groups managing CSR matters across the Company's operations;
- iv) Consider and propose an Annual Budget for CSR activities to the Board.

During the year under review, the CSR Committee met once on March 28, 2018.

E) Risk Management Committee

In accordance with the Policy Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010, the Board of Directors constituted Risk Management Committee comprising of Directors and senior officials of the Company. The composition of the Risk Management Committee is provided below:

Mr. Monu Ratra- Executive Director & CEO

Mr. S. Sridhar- Independent Director

Mr. Kranti Sinha- Independent Director

Mr. Nirmal Jain- Non Executive Director

Mr. Sanjeev Srivastava- Chief Risk Officer

Mr. Amit Gupta- Chief Financial Officer

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

F) Asset Liability Management 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- Director

Ms. Rajashree Nambiar*- Director

*Ms. Rajashree Nambiar ceased to be member of the Committee with effect from January 31, 2018 due to her resignation as a Director.

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

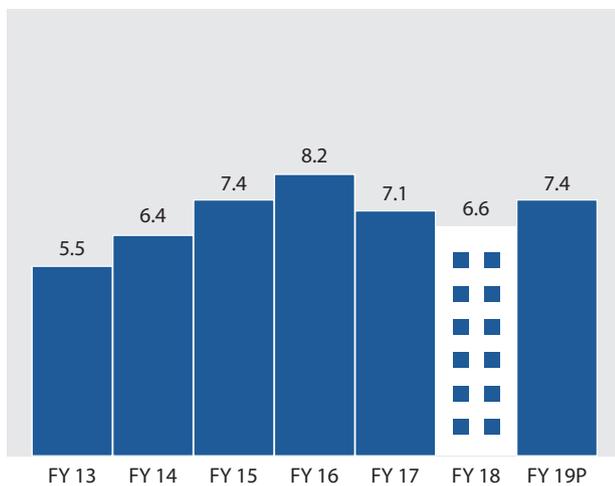
- i) Liquidity risk management
- ii) Management of market risks
- iii) Funding and capital planning
- iv) Profit planning and growth projection
- v) Forecasting and analysing 'what if scenario' and preparation of contingency plans

Management Discussion & Analysis

MACROECONOMIC OVERVIEW

India continues to be one of the fastest growing economies in the world despite the two structural changes- Demonetisation and GST. The impact of these two reforms are wearing off and optimism in domestic demand is increasing because of which Indian economy has grown faster than expected in the year 2017 despite the rising trade protectionism, increasing crude oil prices and volatile market conditions around the world. The country posted an overall growth of 6.7% in 2017 and is expected to rise to 7.4% in 2018, according to IMF. The GDP growth rate for FY18 is expected to be at 6.75% as per government estimates (Economic Survey report 2018) and between 7% and 7.5% in 2019. Real GDP grew at 6.62% for FY18 according to the Central Statistical Organisation.

Real GDP Growth Rates (%)



(Source : CSO, RBI)

The Consumer Price Index (CPI) based headline inflation was at 3.7% for FY18.

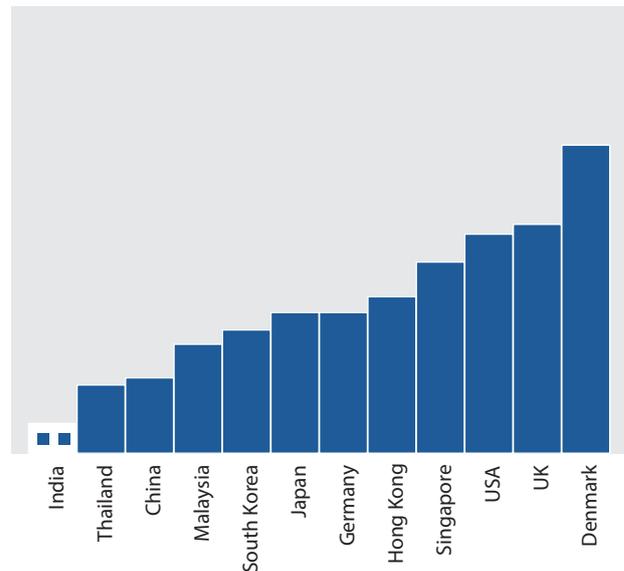
India jumped 30 places in ranking in the World Bank's Ease of Doing Business Report 2018 as compared to 2017, which has built up optimism and is encouraging more foreign investors to the country.

The focus on infrastructural development has increased. The government in the Budget 2018 allocated a huge ₹ 5,970 billion to infrastructural development. The country aims to additionally create more than 80,000 kms of roads by March 2022, according to Deloitte Voice of Asia report. The Government is undertaking massive investments in infrastructure undertaking to boost the growth of GDP, connect and integrate the nation with a network of roads, airports, railways, ports and inland waterways.

INDUSTRY OVERVIEW

India's housing finance sector has remained relatively underpenetrated compared to its peers as evident by the low mortgage-to-GDP ratio (9% in 2016-17) as compared to its regional peers (20% for Thailand, 22% for China, 32% of Malaysia) shown in Figure 2. While there has been substantial progress over the years, the sector continues to hold potential for long term growth.

Mortgages (% of GDP)



The Indian housing industry has shown strong growth over the past few years. HFCs' loan outstanding is projected to rise at a pace of 17-19% CAGR from ₹ 7.8 trillion in FY17 to ₹ 10.8 trillion in FY19, supported by demand for affordable housing (Source: CRISIL). HFCs have been growing rapidly, achieving a CAGR of approximately 22% in loan outstanding between FY12 and FY17 vis-a-vis the industry's (banks + HFCs) 18-19%. This is due to higher growth in non-metro cities supported by government's support, rising finance penetration, increasing demand from Tier-II cities as well as improved transparency and higher focus by HFCs. Moreover, with rising purchasing power, continuously rising population, growing aspirations, increasing nuclear families, rapid urbanization, government's intervention to provide easy loans, and so on, the housing sector in India is anticipated to register a strong growth in the coming years.

Management Discussion & Analysis (Contd.)

Mortgage Book Growth (Includes Overall Portfolio of HFCs and only Housing and Developer of Banks)



(Source: CRISIL)

With regulations and government policy pushing developers to focus on the affordable housing market, there is potential for growth by investing and financing these properties. Since the Pradhan Mantri Awas Yojana (PMAY) provides home buyers with a Credit Linked Subsidy Scheme, the effective rate of interest payment falls below rental yields. This improves the conditions for buying affordable housing property, enabling HFCs to begin investing more in this segment. With increasing business, HFCs need to have stricter underwriting practices and closely monitor client repayment.

India attracts lot of domestic real-estate developers and also foreign investors to invest in multi-dimensional projects including commercial as well as residential. Over the years India has turned out to be one of the fastest real-estate markets in the world. Also, from a variety of property segments, such as offices, housing units, shopping malls, hospitality industry, manufacturing sector and logistics parks, in which housing sector is undergoing a significant growth, real-estate industry in India is addressing the demand for built-up space. HFCs will capitalise on this growth wave in the real estate sector thereby a push to the housing segment.

The Government during Budget 2018 announced that a dedicated affordable housing fund in the National Housing Bank through various funding measures. Setting up of the Affordable Housing Fund is likely to increase funding options for HFCs operating in the affordable housing space. This would create lower funding costs for HFCs operating in the affordable housing space (total portfolio of ₹ 926 billion as of September 30, 2017, which was 10% of HFCs credit). This will also improve affordability for end borrowers.

OPPORTUNITIES

Urbanisation:

Though population growth has slowed down, urbanisation is witnessing steady growth in India. Thus demand for new houses is steady in India. According to KPMG estimates, there would be a total requirement of ~48 million units of urban housing to fulfil urban housing requirements by 2022.

Per capital house ownership in India is still one of the lowest:

When compared at the macro level with countries in the West or even in South East Asia, India lags behind other nations in per capita house ownership. The government's ambitious Housing-for-All project by 2022 is likely to create a huge demand for housing. This will growth rate of HFCs on an upward trend during the period by providing them more opportunities.

Low Cost Housing:

Low cost housing is already one of the biggest opportunities for HFCs. According to preliminary estimates, the low-cost housing opportunity in India is estimated to be worth ₹ ~78 trillion. This will have a huge demand for housing and for housing finance companies.

Demand for rural and semi urban sector:

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

THREATS

Falling real estate prices

One of the major concerns is falling real estate prices. In fact, the demonetization undertaken in November 2016 did result in lowering of real estate prices across India. Normally, falling real estate prices may result in less recovery of money for the real estate segment. That is normally a case that could lead to default, which could be a key concern for HFCs.

OTHER GOVERNMENT INITIATIVES

For the development of the real estate sector, the Government of India along with the state governments has taken several initiatives. One of the prime most project is the- The Smart City Project, where there is a plan to build 100 smart cities. This is a prime opportunity for the real estate companies and thereby promoting growth of HFCs. In February 2018, creation of National Urban Housing Fund was approved by the Government with an outlay of ₹ 600 billion. Under the Pradhan Mantri Awas Yojana (PMAY) Urban, 1,427,486 houses have been sanctioned in FY18. In March 2018, construction of additional 321,567 affordable houses was sanctioned under the scheme.

Management Discussion & Analysis (Contd.)

GOING FORWARD

So as to allow all kinds of investors to invest in the Indian real estate market, the Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform. It would create an opportunity worth ₹ 1.25 trillion in the Indian market over the years. This will encourage more real estate projects thereby providing HFCs with a sea of opportunities. The growing flow of FDI into Indian real estate is encouraging increased transparency.

COMPANY OVERVIEW

IIFL Home Finance Ltd. (IIFL HFL) (previously known as India Infoline Housing Finance Ltd.), incorporated in 2006, is a 100% subsidiary of India Infoline Finance Limited (IIFL). IIFL HFL got registered with National Housing Bank (NHB) in 2009 and commenced operations. In line with its motto, 'Ghar Aapka, Loan Hamaara', the company 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 Holdings. 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 remain focused on steady earnings growth through conservative risk management techniques and by accessing low-cost funds.

BUSINESS OVERVIEW & STRATEGY

The company has continued to grow at a frenetic pace during the year with increased focus on affordable housing segment. Despite the impact of GST and demonetization on the market, the company saw a marked increase in volumes with 45% surge in loan book in FY18. The asset under management of around ₹ 143,212.03 million reflects our focus on retail strategy and growth. The company has continued to target salaried and self-employed professionals, earning ₹ 30,000 – ₹ 40,000 per month, engaged in small businesses, and who are below the age of 40 years. With 700+ sales people and 75+ branches and a widespread IIFL Group network of close to 1000+, IIFL HFL will be able to further deepen its reach with potential customers in existing and new geographies, primarily in Tier-II and Tier-III markets across the country.

SEGMENT OVERVIEW

Home Loans

The company provides tailored home loan products for different class of customers namely salaried, self employed, professionals and entrepreneurs. The company aims to work

with govt & contribute towards its goal of attaining "Housing for All". The Company's home lone book grew by 58% in FY18 against 79% in FY17. The company has relaunched its Swaraj product at the PAN India to cater to the need of weaker section and help them in achieving their dream of their own house. IIFL HFL is one of the pioneers in the credit linked subsidy scheme benefiting around 10% of the total families provided with subsidy by the government. The Company has also received refinance from NHB of ₹. 6.65 billion evidencing our impact as a valued company under the affordable housing market. The Company is also looking forward to build associations with various state housing boards enabling it to finance customer under the various schemes launched.

Home Equity

The Company offers a range of loans backed by mortgage of residential or commercial properties to small & medium enterprises for working capital requirements, business use, purchase of commercial property and other similar purposes. The average LTV (Loan to Value) ratio at origination is 49% and the Company's emphasis is to on-board significant portion under Priority Sector Lending Assets (PSL).

Construction Finance

The Company offers loans to developers for construction and development of residential and mixed-use projects. The primary security under this is a registered mortgage on the project land along with construction thereon.

The Construction Finance vertical provides support to the growth of retail loans under the approved project route; where in projects financed by the Company are tied up with the developers for funding the buyers under retail home loan. This strategy helps in building an inventory of low risk and well-developed properties already financed, for onward selling to retail customers with simple procedures and faster processes. Through such linkages, your company provides a complete and holistic solution to the developer thus creating business synergies on one side and mitigating the project risk on the other.

FINANCIAL OVERVIEW

At the end of the financial year ending March 31, 2018, AUM has grown by 47% y-o-y to ₹ 143,212 million from ₹ 97,693 million as on March 31, 2017. The growth is driven significantly by home loan segment which presently constitutes 60% of the total AUM. Loan book has grown at a fast pace of 45% y-o-y to ₹ 119,169 million on March 31, 2018 from ₹ 81,924 million on March 31, 2017.

For FY 2017-18, IIFL HFL reported a Profit After Tax (PAT) of ₹1,974 million up by 136% y-o-y. With a capital adequacy of 17.17% (Tier-I CAR of 13.06%), the Company is well capitalized for growth. The Company has striven to maintain the key qualitative and quantitative parameters. The Company continued to maintain decent return ratios, RoA of 1.99% and RoE of 19.06% with net earnings of ₹ 1,974 million Gross

Management Discussion & Analysis (Contd.)

and Net NPA (Non-performing asset) were 0.73% and 0.25% respectively, for the year under review. Provision coverage (including standard assets provision) was at 124% as on March 31, 2018; Loan losses and provisions as a percentage of average loan book stands at 0.39%.

Risks and Concerns

IIFL HFL has a well-structured risk management policy to identify, assess and monitor various risks it is exposed to. These include: credit risk, market risk, liquidity risk, legal risks, interest rate risk, and operational risk. The Company's risk management policy is steered by the Board, with the overall responsibility assigned to the Risk Management Committee.

Credit Risk:

A credit risk is the risk of default that may arise from a borrower failing to make payments towards their debt. Certain credit norms and policies are being followed by the Company to manage credit risk, including a standard credit appraisal policy based on customer credit worthiness. These criteria change between loan products and typically include factors such as income, other loan obligations, profile and loan-to-value.

The company has followed evaluation methodologies on credit and portfolio management to ensure consistent underwriting and early identification of problematic loans using various analysis and techniques, such as early default analysis, product analysis and probability of default.

Market Risk:

Market Risk is defined as possibility of loss caused by changes in market variable that primarily includes liquidity risk and interest rate risk. The business is also impacted by unforeseen changes in policy decision by the government and the regulatory authorities.

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.

Internal control systems and their adequacy

The Company has put in place a robust internal control system commensurate with the size, business model and complexity of its operations. These internal controls are formulated as a part of the principles of good corporate governance and are implemented within the framework of proper check and balances. The Company ensures the effective internal control framework through well devised policies, procedures and

defined authority and responsibility matrix through these policies and procedures for operations, financial reporting, fraud control, compliance with applicable laws, statutory and regulatory, to the Company and safeguarding the assets.

In-house audit team monitors, evaluates and performs acid test of the adequacy and efficacy of the internal control mechanism, adherence to the policies and procedures of the Company. Besides, independent internal auditors, accountable to the Board through Audit Committee, assess the existing internal control framework at entity and process level as well as current industry practices to the extent deemed relevant. All significant audit observations and follow-up actions thereon are reported to the Audit Committee on quarterly basis.

Human Resources

Our HR strategy for people development is aligned to our company's strategy to go digital. Right from recruitment, our employees enjoy a seamless digital experience. Our chat bot – Amber, takes real time continuous feedback from employees with questions tailor-made to the role they are in. This helps in our predictive people analytics and preemptive actions and strategies. Our learning strategy has gone digital too in a way which is truly interesting and long-lasting. We have our learning app – Handy Train which has repository of byte size learning for our employees which can be taken anytime anywhere, freeing our employees from regular classroom sessions. Our MDP programs for mid and top management ensure continuous all-round development of our leadership pipeline.

Our main growth drivers are our people who have joined us from top financial organizations like ICICI bank, Axis Bank, HDFC with rich experience in their field.

The hard work and achievement of our people get recognized and rewarded through multiple rewards and recognition platforms. Employees' wellness interventions like eye-camps, regular health check-ups and yoga sessions are periodically held to inculcate wholesome wellness of our employees.

The Company had a strong workforce of 1,998 employees as on March 31, 2018.

Outlook

With the implementation of a single tax (GST), consumers will not be subjected to the pain of double taxation. Post demonetization, there were some ups and down in the consumer market. However, the long-term benefits of the reforms are slowly getting visible. The year ahead is full of opportunities with GST implementation, Governments push for affordable housing segment, to name a few. The company expects the growth to sustain by focusing on affordable housing via Swaraj product, investments in technological infrastructure and prudent risk management.

Independent Auditor's Report

To The Members of INDIA INFOLINE HOUSING FINANCE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of INDIA INFOLINE HOUSING FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory 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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

OPINION

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 Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

OTHER MATTER

The audit of financial statements of the Company for the year ended March 31, 2017 was carried out by the previous auditors of the Company.

Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143 (3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

Independent Auditor's Report (Contd.)

- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(ICAI Regn No. 117366W/W-100018)

Pallavi A. Gorakshakar
Partner

(Membership No. 105035)

Place: Mumbai
Date: May 2, 2018

Annexure "A" To the Independent Auditor's Report (Referred to in paragraph (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 India Infoline Housing Finance Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the 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. 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

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

statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the 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
(ICAI Regn No. 117366W/W-100018)

Pallavi A. Gorakshakar
Partner
(Membership No. 105035)

Place: Mumbai
Date: May 2, 2018

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, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any 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.

- (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 no 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, Service Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. During the year there were no dues payable in respect of Sales Tax, Customs Duty, Excise Duty, and Value Added Tax.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable except as stated below:

Name of Statute	Nature of Dues	Amount (₹ in Millions)	Period to which the Amount Relates	Due Date	Date of subsequent payment
The Income Tax Act, 1961	Disallowance u/s. 14A	1.46	Assessment year 2013-14	March 12, 2016	Not paid

- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2018 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.

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

(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
(ICAI Regn No. 117366W/W-100018)

Pallavi A. Gorakshakar
Partner

(Membership No. 105035)

Place: Mumbai
Date: May 2, 2018

Balance Sheet As at March 31, 2018

(₹ in Millions)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	199.68	199.68
(b) Reserves and Surplus	4	11,309.41	9,335.32
Sub-Total		11,509.09	9,535.00
(2) Non Current liabilities			
(a) Long-term borrowings	5	55,206.25	48,157.84
(b) Other long-term liabilities	6	698.75	946.56
(c) Long-term provisions	7	518.50	386.26
Sub-Total		56,423.50	49,490.66
(3) Current liabilities			
(a) Short-term borrowings	8	18,444.44	8,917.24
(b) Trade payables	9		
(i) Total outstanding dues of micro enterprises and small enterprises; and		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		365.99	237.01
(c) Other current liabilities	10		
(i) Current maturities of long term borrowings		25,621.33	7,637.69
(ii) Others		11,623.41	8,674.99
(d) Short-term provisions	7	237.57	121.02
Sub-Total		56,292.74	25,587.95
Total		124,225.33	84,613.61
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	26.46	14.16
(ii) Intangible assets	11	2.67	3.15
(iii) Capital work-in-progress		3.32	2.67
Sub-Total		32.45	19.98
(b) Deferred tax assets (Net)	12	0.46	38.21
(c) Long-term loans & advances	13		
(i) Loans		113,176.52	77,340.90
(ii) Others		168.86	85.36
(d) Other non-current assets	14	139.58	52.50
Sub-Total		113,485.42	77,516.97
(2) Current assets			
(a) Current Investments	15	-	0.19
(b) Trade receivables	16	96.07	25.16
(c) Cash and cash equivalents	17	3,853.11	1,862.39
(d) Short-term loans & advances	13		
(i) Loans		5,340.00	4,244.59
(ii) Others		274.19	104.05
(e) Other current assets	14	1,144.09	840.28
Sub-Total		10,707.46	7,076.66
Total		124,225.33	84,613.61
See accompanying notes forming part of the financial statements	1-35		

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

Pallavi A. Gorakshakar
Partner

Place : Mumbai
Date : May 2, 2018

For and on behalf of the Board of Directors
of **India Infoline Housing Finance Limited**

R. Venkataraman
Director
(DIN: 00011919)

Ajay Jaiswal
Company Secretary

Monu Ratra
Executive Director & CEO
(DIN: 07406284)

Amit Gupta
Chief Financial Officer

Statement of Profit and Loss

For the year ended March 31, 2018

(₹ in Millions)

Particulars	Note No.	2017 - 18	2016 - 17
1. Revenue			
a. Revenue from operations	18	12,333.78	8,809.56
b. Other Income	19	352.88	253.57
Total Revenue (a+b)		12,686.66	9,063.13
2. Expenses			
a. Employee benefits expenses	20	1,450.11	1,105.93
b. Finance cost	21	7,251.29	5,854.57
c. Depreciation and amortisation expenses	11	11.51	6.64
d. Other expenses	22	567.28	480.23
e. Provisions & Write off	23	379.88	344.55
Total expenses		9,660.07	7,791.92
3. Profit before tax (1-2)		3,026.59	1,271.21
4. Tax expenses			
Current tax expense for current year		1,007.47	449.50
Deferred tax	12	37.74	(13.73)
Current tax expense relating to prior years		7.29	(0.14)
Total Tax expense		1,052.50	435.63
5. Profit for the year (3-4)		1,974.09	835.58
6. Earnings per share	24		
- Basic (in ₹)		98.86	49.78
- Diluted (in ₹)		98.86	49.78
Face Value Per Equity Share		10.00	10.00
See accompanying notes forming part of the financial statements	1-35		

In terms of our report attached
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(DIN: 07406284)

Amit Gupta
Chief Financial Officer

Cash Flow For the year ended March 31, 2018

(₹ in Millions)

Particulars	Note No.	2017-2018	2016-2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,026.59	1,271.21
Adjustments for:			
Depreciation and amortisation expenses	11	11.51	6.64
Gratuity		(1.25)	0.11
Compensated Absences		4.88	4.03
Provision for Sub standard and Doubtful Loans	23	238.46	158.60
Provision for Standard Loans	23	128.60	140.50
Interest Expense	21	7,164.63	5,778.64
Interest on financing activities	18	(11,202.94)	(8,184.26)
Interest on fixed deposits	18	(76.04)	(27.89)
Exchange fluctuation on Foreign Currency Term Loan		3.00	-
Profit from sale of Investments and trading activities		(73.58)	(121.09)
Loss on Sale of fixed assets (net)	22	0.99	0.02
Interest paid		(7,134.98)	(4,249.11)
Interest received on financing activities		10,861.49	7,959.28
Interest received on fixed deposits		70.54	27.77
Loss on buy back of Non Convertible Debentures		5.22	1.50
Loss on buy back of commercial papers		1.34	1.84
Operating Profit before Working Capital changes		3,028.46	2,767.79
Changes in Working Capital:			
Adjustments for (increase)/decrease in current and non-current assets		(168.28)	4.04
Adjustments for increase/(decrease) in current and non-current liabilities		2,711.54	3,102.75
Direct Taxes Paid		(997.33)	(412.65)
Cash generated from Operations		4,574.39	5,461.93
Loans (disbursed) / repaid (net)		(37,208.98)	(29,069.41)
Net cash used in Operating Activities (A)		(32,634.59)	(23,607.48)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(26.14)	(8.09)
Sale of fixed assets		1.18	0.03
Fixed deposits placed		(1,338.15)	(934.04)
Fixed deposits matured		934.04	140.60
Purchase of investments		(266,665.87)	(237,025.83)
Proceeds from sale of investments		266,739.63	237,146.73
Net Cash used in Investing Activities (B)		(355.31)	(680.60)

Cash Flow For the year ended March 31, 2018 (Contd.)

(₹ in Millions)

Particulars	Note No.	2017-2018	2016-2017
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from fresh issue of shares		-	3,850.00
Redemption of redeemable non convertible preference shares		-	(300.00)
Proceeds from issue of Commercial Paper		138,420.00	93,850.00
Repayment of Commercial Paper		(128,901.34)	(92,851.84)
Proceeds/(Repayments) from short term borrowings		118.26	(182.17)
Proceeds from long term borrowings		40,300.60	33,289.00
Repayment of long term borrowings		(15,276.75)	(12,930.39)
Dividend paid (including Dividend Distribution Tax)		-	(39.17)
Net Cash from Financing Activities (C)		34,660.77	24,685.43
Net increase in cash and cash equivalents (A+B+C)		1,670.87	397.35
Cash and cash equivalents as at the beginning of the year		904.27	506.92
Cash and cash equivalents as at the end of the year		2,575.14	904.27
Earmarked balances with banks for:			
Interest on Non Convertible Debentures		24.49	24.08
Fixed Deposits under lien		1,253.48	934.04
Cash and cash equivalents as at the end of the year	17	3,853.11	1,862.39
See accompanying notes forming part of the financial statements	1-35		

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

Pallavi A. Gorakshakar
Partner

Place : Mumbai
Date : May 2, 2018

For and on behalf of the Board of Directors
of **India Infoline Housing Finance Limited**

R. Venkataraman
Director
(DIN: 00011919)

Ajay Jaiswal
Company Secretary

Monu Ratna
Executive Director & CEO
(DIN: 07406284)

Amit Gupta
Chief Financial Officer

Notes forming part of Financial Statements as at and for the year ended March 31, 2018

1. CORPORATE INFORMATION:

India Infoline Housing Finance Limited (IIHFL) is a wholly owned subsidiary of India Infoline Finance Limited. IIHFL received a Certificate of Registration from the National Housing Bank ("NHB") in February 2009 to carry on the business of a housing finance institution. IIHFL offers housing finance in line with 'The Housing Finance Companies (NHB) Directions, 2010' ("NHB Directions"), as amended from time to time.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements:

The financial statements of the Company have been prepared under the historical cost convention on accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India (IGAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 along with the guidelines/directions issued by NHB as applicable to Housing Finance Companies.

2.2 Prudential norms:

The Company follows NHB Directions, as amended from time to time, in respect of Income recognition, income from investments, accounting of investments, asset classification, provisioning and disclosures in the Balance Sheet. The financial statements comply in all material aspect with the National Housing Bank Act, 1987 and NHB Directions, as amended from time to time.

2.3 Cash and cash equivalents (for purposes of Cash Flow statement):

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.

2.4 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Use of estimates:

The preparation of financial statements, in conformity with IGAAP requires the management to make estimates and assumptions that affect in the reported amount of assets, liabilities (including contingent liabilities), income and expenses reported in the financial statements. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known /materialise.

2.6 Fixed assets, depreciation and amortisation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. 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 the 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 are depreciated in full in the year of purchase.

Leasehold Land is depreciated on a straight Line basis over the leasehold period.

Estimated useful life of the assets is as under:

Class of assets	Useful life
Buildings*	20 years
Computers*	3 years
Office equipment	5 years
Electrical equipment*	5 years
Furniture and fixtures*	5 years
Vehicles*	5 years
Computer Software (other than internally generated)	3 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.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

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.

2.7 Assignment of loan portfolio:

De-recognition of loans assigned, in the books of the Company, is based on the concept of surrender of control over the loans resulting in a "true sale" of loans. Future interest spread receivables in case of a par structure deals are recognised over the tenure of agreements as per applicable guidelines/directions. Expenditure in respect of direct assignment is recognised upfront. Credit enhancement in the form of cash collateral provided by the Company is included under cash and cash equivalents / other assets, as applicable.

2.8 Revenue recognition:

Interest income

Interest income is recognised on accrual basis in the Statement of Profit and Loss, except in the case of non-performing assets (NPAs), where it is recognised in accordance with the NHB guidelines upon realisation. Interest income on investments is accounted on accrual basis. Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees and charges

Fees and charges are recognised as and when they become due and revenue can be reliably measured and reasonable right of recovery is established.

Profit and loss on sale of investments

Profit / loss on sale of investment are recognised on trade date basis. Profit / loss on sale of investments are determined after consideration of cost on weighted average basis.

Securitisation transactions

In accordance with the regulatory guidelines, gain arising on securitisation is amortised over the life of the securities issued by the Special Purpose Vehicle ("SPV"). Loss, if any, is recognised upfront in the Statement of Profit and Loss.

Assignment transactions

In accordance with the regulatory guidelines, gain arising on assignment is amortised over the residual life of the loan. Loss, if any, is recognised upfront in the Statement of Profit and Loss.

2.9 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 & Loss.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term 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 which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The company has provided for compensated absences on the basis of actuarial valuation.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

2.10 Provisions and write-offs on Loans and other credit facilities:

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per the NHB Directions. Contingent provisions against standard

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

assets is made as per NHB Directions, as amended from time to time.

2.11 Provisions, Contingent liabilities and Contingent assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. 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 liabilities are disclosed in the Notes forming part of Financial Statements. Contingent assets are neither recognised nor disclosed in the financial statements.

2.12 Taxes on Income:

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 is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there is unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly utilised from the reserves, is recognised in reserves and not in the Statement of Profit and Loss.

As per NHB circular dated August 22, 2014 "NHB(ND)/DRS/Policy Circular 65/2014-15" Deferred tax liability is recognised on the Special Reserves created & maintained under Section 36(1)(viii) of Income Tax Act, 1961. In case of other timing differences Deferred Tax Liability will be recognised as and when arises.

2.13 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit and Loss in accordance with Accounting Standard 19 "Leases".

2.14 Investments:

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are stated at lower of cost and market/ fair value. Long-term investments are carried at cost. However, provision for diminution, other than temporary, is made to recognise a decline in the value of the investments. For investment in Mutual Funds the net assets value (NAV) declared by the Mutual Funds at the balance sheet date is considered as the fair value.

2.15 Foreign currency transactions and translations:

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

2.16 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.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

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.

2.17 Borrowings:

Borrowings are bifurcated under Long term and Short term liabilities. Commercial papers are recognised at Face value at the time of its issue. Any difference between the proceeds and the redemption value is recognised in the Statement of Profit and Loss over the period of the borrowings.

2.18 Derivative transactions:

The Company enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing liabilities in foreign currency. Derivative contracts are marked-to-market and gains / losses are recognised in the Statement of Profit and Loss in accordance with Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India.

2.19 Impairment of assets:

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the

greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.20 Segment Reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Management in deciding how to allocate resources and in assessing performance. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/ expenses / assets / liabilities, if any." 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.

2.21 Debenture Issue Expense:

Debenture issue expenses including ancillary and other acquisition costs incurred on Non-Convertible Debentures are amortised over the tenure of the underlying debenture.

2.22 Operating Cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

3. SHARE CAPITAL

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Share Capital:		
152,000,000 Equity Shares of ₹10/- each with voting rights (P.Y. 152,000,000)	1,520.00	1,520.00
20,000,000 Preference Shares of ₹10/- each (P.Y. 20,000,000)	200.00	200.00
Total	1,720.00	1,720.00
Issued, Subscribed and Fully Paid-up Share Capital		
Equity Share Capital		
19,968,181 Equity Shares of ₹10/- each fully paid-up (P.Y. 19,968,181)	199.68	199.68
Total	199.68	199.68

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹ In Millions	No. of Shares	₹ In Millions
Equity Shares				
As at the beginning of the year	19,968,181	199.68	14,968,181	149.68
Issued during the year	-	-	5,000,000	50.00
Outstanding at end of the year	19,968,181	199.68	19,968,181	199.68
10% Redeemable Preference Shares				
At the beginning of the year	-	-	20,000,000	200.00
Add: Issued during the year	-	-	-	-
Less: Redeemed during the year	-	-	20,000,000	200.00
Outstanding at the end of the year	-	-	-	-

3.2 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. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

3.3 Shares held by the holding Company:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹10/- each fully paid up				
India Infoline Finance Limited and its nominees	19,968,181	100.00%	19,968,181	100.00%
Total	19,968,181		19,968,181	

3.4 Details of Shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹ 10/- each fully paid up				
India Infoline Finance Limited and its nominees	19,968,181	100.00%	19,968,181	100.00%

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

4. RESERVES AND SURPLUS

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
Securities Premium Account		
Opening Balance	7,002.57	3,302.57
Additions during the year	-	3,800.00
Utilised during the year	-	100.00
Closing Balance	7,002.57	7,002.57
Debenture Redemption Reserve (Refer Note 4.1)		
Opening Balance	886.30	613.00
Additions during the year	247.50	273.30
Closing Balance	1,133.80	886.30
Special Reserve (Refer Note 4.2)		
Opening Balance	567.70	373.70
Additions during the year	395.00	194.00
Closing Balance	962.70	567.70
Surplus in the Statement of Profit and Loss		
Opening Balance	878.75	540.39
Additions during the year	1,974.09	835.58
Appropriations during the year		
Transfer to Debenture Redemption Reserve	247.50	273.30
Transfer to Special Reserve	395.00	194.00
Preference Dividend (Refer Note 4.3)	-	12.55
Dividend Distribution Tax on Preference dividend	-	2.56
Deferred Tax Liability (Refer Note 4.4)	-	14.81
Closing Balance	2,210.34	878.75
Total	11,309.41	9,335.32

4.1 Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, the Company being a Housing Finance Company is required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures outstanding, which were offered through public issue. Accordingly, ₹ 247.50 Millions (P.Y. ₹ 273.30 Millions) has been transferred to Debenture Redemption Reserve Account for the year ended March 31, 2018.

4.2 Special Reserve

Disclosure as per NHB Guidelines

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
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	513.82	320.29
b) Statutory Reserve U/s 29C of the NHB Act, 1987	53.88	53.41
Total	567.70	373.70
Addition/Appropriation/Withdrawal during the year		

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

4. RESERVES AND SURPLUS (Contd.)

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
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	382.41	193.53
b) Amount transferred U/s 29C of the NHB Act, 1987	12.59	0.47
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	962.70	567.70
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	896.23	513.82
b) Statutory Reserve U/s 29C of the NHB Act, 1987	66.47	53.88
Total	962.70	567.70

Note: As per Section 29C(i) 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 ₹382.41 Millions (P.Y. ₹193.53 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 ₹395.00 Millions (P.Y. ₹194.00 Millions) under section 29C(i) of the National Housing Bank Act, 1987.

4.3 Preference Dividend

Preference Dividend Proposed/paid are as follows:

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
On 10% Redeemable Preference Shares of ₹10/- each	-	₹. 0.63 Per share
No of Shares	-	20,000,000
Total Dividend Paid	-	12.55

4.4 As per circular NHB(ND)/DRS/Policy Circular 65/2014-15 August 22, 2014 issued by NHB, the Company has adjusted ₹ Nil (P.Y. ₹14.81 Millions) pertaining to previous years towards Deferred Tax Liability on the Special Reserves created and maintained under Section 36(1)(viii) of Income Tax Act, 1961 from reserves.

5. LONG -TERM BORROWINGS

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

(₹ in Millions)

Particulars	Non-current		Current Maturities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Debentures				
Non Convertible Debentures – Secured (Refer Note 5.1)	8,593.60	23,084.59	17,772.02	3,858.00
Non Convertible Subordinated Debentures – Unsecured (Refer Note 5.2)	4,470.00	2,620.00	-	-
Term Loans				
Term Loan from Banks – Secured (Refer Note 5.3)	35,348.41	21,029.13	7,154.51	3,617.22
Term Loan from NHB – Secured (Refer Note 5.4)	6,794.24	1,424.12	694.80	162.47
Sub-Total	55,206.25	48,157.84	25,621.33	7,637.69
Amount disclosed under the head “Other current liabilities” (Refer Note 10)	-	-	(25,621.33)	(7,637.69)
Total	55,206.25	48,157.84	-	-

- Bank borrowing also include Foreign Currency Term Loan aggregating to USD 13.35 Millions (P.Y. USD 13.35 Millions) wherein the principal amount is fully hedged, also refer Note 21.
- Non Convertible Debentures – Secured includes redeemable non convertible debenture (Series A10) amounting to ₹1,600.00 Millions which carries call and put option effective from July 23, 2018. Also, Non Convertible Subordinated debt - Unsecured includes redeemable subordinated debt (Series U08) amounting to ₹100.00 Millions in respect of which the Company is having a call option at the end of 6th year from the date of allotment (February 28, 2018) and every year thereafter.
- The term loan from banks and NHB are secured by way of first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.
- Out of the total loans from banks, loans amounting to ₹14,592.42 Millions (P.Y. ₹19,709.39 Millions) and Refinance Facility from NHB amounting to ₹7,489.04 Millions (P.Y. ₹1,586.59 Millions) are also guaranteed by IIFL Holdings Limited, being the Ultimate Holding Company.
- 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.

Note 5.1: Details of Non Convertible Debentures – Secured

(₹ in Millions)

Residual Maturity	Amount Outstanding March 31, 2018	Interest Rate/Yield (Range lowest to highest in that Bucket)	Amount Outstanding March 31, 2017	Interest Rate/Yield (Range lowest to highest in that Bucket)
Fixed				
3-5 Years	50.00	8.90%-8.90%	50.00	8.90%-8.90%
1-3 Years	3,050.00	7.50%-9.50%	15,453.59	9.15%-11.52%
Zero Coupon Bonds				
3-5 Years	370.60	8.20%-8.70%	3,430.00	8.64%-9.40%
1-3 Years	5,123.00	8.10%-9.50%	4,151.00	8.85%-11.45%
Total	8,593.60		23,084.59	

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

5. LONG-TERM BORROWINGS (Contd.)

Note 5.2: Details of Non Convertible Subordinated Debentures – Unsecured

(₹ in Millions)

Residual Maturity	Amount Outstanding March 31, 2018	Interest Rate/Yield (Range lowest to highest in that Bucket)	Amount Outstanding March 31, 2017	Interest Rate/Yield (Range lowest to highest in that Bucket)
Fixed				
Above 5 Years	2,000.00	8.85%-9.30%	150.00	9.30%-9.30%
3-5 Years	470.00	9.30%-10.50%	2,268.58	9.30%-12.00%
1-3 Years	1,798.58	12.00%-12.00%	-	-
Zero Coupon Bonds				
3-5 Years	-	-	201.42	12.00%-12.00%
1-3 Years	201.42	12.00%-12.00%	-	-
Total	4,470.00		2,620.00	

Note 5.3: Details of Term loan from Banks

(₹ in Millions)

Residual Maturity	Amount Outstanding March 31, 2018	Interest Rate/Yield (Range lowest to highest in that Bucket)*	Amount Outstanding March 31, 2017	Interest Rate/Yield (Range lowest to highest in that Bucket)*
Floating				
Above 5 Years	1,000.00	8.40%-8.40%	-	-
3-5 Years	12,408.17	8.05%-8.45%	8,059.93	8.35%-9.15%
1-3 Years	21,940.24	8.05%-8.60%	12,969.20	8.35%-10.15%
Total	35,348.41		21,029.13	

*Linked to MCLR / Base rate / LIBOR

Note 5.4: Details of Term loan from NHB

(₹ in Millions)

Residual Maturity	Amount Outstanding March 31, 2018	Interest Rate/Yield (Range lowest to highest in that Bucket)*	Amount Outstanding March 31, 2017	Interest Rate/Yield (Range lowest to highest in that Bucket)
Fixed				
Above 5 Years	3,122.24	4.61%-8.95%	553.88	7.95%-8.70%
3-5 Years	1,819.20	4.61%-8.95%	435.12	7.95%-8.70%
1-3 Years	1,852.80	4.61%-8.95%	435.12	7.95%-8.70%
Total	6,794.24		1,424.12	

6. OTHER LONG-TERM LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on borrowings	698.75	946.56
Total	698.75	946.56

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

7. LONG - TERM AND SHORT-TERM PROVISIONS

(₹ in Millions)

Particulars	Long-Term		Short-Term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for Compensated Absences	12.40	8.76	4.91	3.67
Provision for Bonus	-	-	70.09	48.26
Contingent provisions against standard assets	506.10	377.50	-	-
Provision for Tax (Net of Advance Tax ₹905.45 Millions (P.Y. ₹534.70 Millions))	-	-	162.57	69.09
Total	518.50	386.26	237.57	121.02

8. SHORT-TERM BORROWINGS

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Loans Repayable on demand		
Secured		
Cash Credit (Refer Note 8a) (A)	586.07	467.81
Other borrowings		
Unsecured		
Commercial Papers (Refer Note 8b)	18,020.00	8,500.00
Unexpired Discount on Commercial Papers	(161.63)	(50.57)
Sub-Total (B)	17,858.37	8,449.43
Total (A+B)	18,444.44	8,917.24

- a. The above borrowings 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. Out of the above secured borrowings, ₹453.98 Millions (P.Y. ₹467.81 Millions) are also guaranteed by IIFL Holdings Limited, being the Ultimate Holding Company.
- b. Unexpired discount on commercial paper is net of ₹115.59 Millions (P.Y. ₹89.50 Millions) towards discount accrued but not due.

9. TRADE PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of micro enterprises and small enterprises*	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises:		
Outstanding dues of creditors	1.93	1.81
Accrued Salaries and Benefits	2.70	8.95
Provision for expenses	360.78	226.25
Other Trade payables	0.58	-
Total	365.99	237.01

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

* Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	(₹ in Millions)	
	2017-18	2016-17
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the 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 Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the 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 Micro, Small and Medium Enterprises Development Act, 2006	-	-

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

10. OTHER CURRENT LIABILITIES

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
Current maturities of long term borrowings (Refer Note - 5)	25,621.33	7,637.69
Sub-Total (A)	25,621.33	7,637.69
Others		
Payable to Group/Holding Company	-	0.19
Interest accrued but not due on borrowings	2,089.51	1,700.99
Payables on account of assignment	818.77	726.86
Temporary overdrawn bank balance as per books	6,838.18	5,357.08
Advance from customers	404.47	526.58
Income received In advance	109.80	144.03
Statutory remittances	58.55	23.21
Provision for Gratuity (Refer Note 20.2)	-	1.24
Other payables (Refer Note 10a)	1,304.13	194.81
Sub-Total (B)	11,623.41	8,674.99
Total (A+B)	37,244.74	16,312.68

- a. Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹1,091.87 Millions (P.Y. ₹0.22 Millions) and Mark to market payable (Net) ₹3.00 Millions (P.Y. ₹ Nil)

Note: No amount was due to transfer to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

11. FIXED ASSETS – TANGIBLE AND INTANGIBLE

Particulars	(₹ in Millions)										
	Freehold Land	Computer	Electrical Equipment	Furniture and Fixture	Office Equipment	Building for own use	Tangible Total (A)	Computer Software*	Intangible Total (B)	Total (A+B)	
Gross Block as at April 01, 2017	0.86	6.94	2.73	5.94	2.68	2.34	21.49	5.33	5.33	26.82	
Additions during the year	(-)	(5.95)	(1.08)	(3.52)	(2.07)	(2.34)	(14.97)	(2.41)	(2.41)	(17.38)	
Deductions/Adjustments during the year	(0.86)	(1.01)	(1.70)	(2.46)	(0.61)	(-)	(6.63)	(2.92)	(2.92)	(9.55)	
	-	0.13	0.20	0.11	0.11	2.34	2.89	-	-	2.89	
	(-)	(0.02)	(0.06)	(0.04)	(-)	(-)	(0.11)	(-)	(-)	(0.11)	
Gross Block as at March 31, 2018	0.86	19.82	5.27	11.47	5.10	-	42.52	6.90	6.90	49.42	
Accumulated Depreciation and Amortisation as at April 01, 2017	(0.86)	(6.94)	(2.73)	(5.94)	(2.68)	(2.34)	(21.49)	(5.33)	(5.33)	(26.82)	
Depreciation and Amortisation expense for the year	-	3.49	0.97	1.74	0.84	0.30	7.33	2.18	2.18	9.51	
	(-)	(1.21)	(0.19)	(0.82)	(0.32)	(0.19)	(2.73)	(0.20)	(0.20)	(2.93)	
Deductions/Adjustments during the year	-	3.70	1.51	2.91	1.26	0.09	9.46	2.06	2.06	11.51	
	(-)	(2.30)	(0.80)	(0.93)	(0.52)	(0.12)	(4.67)	(1.97)	(1.97)	(6.64)	
	-	0.09	0.08	0.08	0.08	0.39	0.72	-	-	0.72	
	(-)	(0.02)	(0.03)	(0.02)	(-)	(-)	(0.06)	(-)	(-)	(0.06)	
Accumulated Depreciation and Amortisation as at March 31, 2018	(-)	7.10	2.40	4.56	2.01	-	16.06	4.23	4.23	20.29	
Net Block as at March 31, 2018	(0.86)	12.73	2.87	6.91	3.09	(0.30)	7.33	(2.18)	(2.18)	(9.51)	
	(0.86)	(3.45)	(1.76)	(4.21)	(1.84)	(2.04)	(14.16)	(3.15)	(3.15)	(17.31)	

Figures in Bracket represents previous year's figure.

*Other than internally generated

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

12. DEFERRED TAX ASSETS (NET)

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' the Company has taken debit / (credit) of ₹37.74 Millions (P.Y. ₹ (13.73) Millions) in the Statement of Profit and Loss towards deferred tax (net) asset during the year on account of timing differences.

The major components of deferred tax assets and liabilities are as under:

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
Deferred Tax Asset		
Provision for Employee benefits	9.23	2.78
Provision for substandard and doubtful assets	199.79	115.35
Contingent provisions against standard assets	176.85	130.65
Difference between book balance and tax balance of fixed assets	1.22	(0.46)
Gross Deferred Tax Asset (A)	387.09	248.32
Deferred Tax Liability		
Special Reserve u/s 36 (1) (viii)	313.07	185.95
Deduction for Provision for Doubtful debts	73.56	24.16
Gross Deferred Tax Liability (B)	386.63	210.11
Net Deferred Tax Asset (A-B)	0.46	38.21

13. LOANS AND ADVANCES

Particulars	(₹ in Millions)			
	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Loans and Advances (Refer Note 13a)				
- Secured considered good	112,930.34	77,138.25	5,326.23	4,236.00
- Secured considered doubtful	787.65	484.50	44.06	20.54
	113,717.99	77,622.75	5,370.29	4,256.54
Provision for Substandard and doubtful assets	(541.47)	(281.85)	(30.29)	(11.95)
Sub-Total (A)	113,176.52	77,340.90	5,340.00	4,244.59
Other Loans and Advances				
Dues from customers (Refer Note 13a)				
- Secured considered good	-	-	202.36	57.44
- Secured considered doubtful	-	-	37.22	14.16
Deposits with Exchange - Unsecured considered good	-	-	10.00	10.00
Security Deposit - Unsecured considered good	13.81	6.02	8.49	9.86
Advance Income Tax and TDS (Net of provision for Tax ₹1,306.95 Millions (P.Y. ₹756.69 Millions) - Unsecured considered good	155.05	79.00	-	-
Prepaid Expenses - Unsecured considered good (Refer Note 13b)	0.00	0.34	11.13	8.05
Others - Unsecured considered good	-	-	4.99	4.54
Sub-Total (B)	168.86	85.36	274.19	104.05
Total (A+B)	113,345.38	77,426.26	5,614.19	4,348.64

- Secured loans and other credit facilities given to customers are secured by equitable mortgage of property.
- Prepaid expenses includes funded gratuity amounting to ₹1.00 Millions (P.Y. ₹ Nil). Also refer note 20.2

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

14. OTHER ASSETS

(₹ in Millions)

Particulars	Non Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Fixed Deposits (Refer Note 17)	84.67	-	-	-
Unamortised Debenture Issue Expenses	54.91	52.50	42.27	44.69
Accrued income on loans	-	-	1,057.47	795.20
Accrued interest on fixed deposits	-	-	5.81	0.31
Others	-	-	38.54	0.08
Total	139.58	52.50	1,144.09	840.28

15. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND MARKET VALUE)

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Other Investments		
Investment in Quoted Non Convertible Debentures		
IIHFL Secured NCD – Series N1	-	0.19
Total	-	0.19
(a) Aggregate amount of quoted investments		
- Cost	-	0.19
- Market Value	-	0.19
(b) Aggregate amount of unquoted investments – cost	-	-

16. TRADE RECEIVABLES

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Outstanding for a period less than six months from its due date		
- Unsecured considered good	96.07	25.16
Total	96.07	25.16

17. CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	Non Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents as per AS 3 Cash flow statement				
Cash on hand	-	-	5.44	-
Cheques and drafts on hand	-	-	75.11	-
Balance with banks:				
In Current Accounts	-	-	2,494.59	904.27
Total Cash and cash equivalents as per AS 3 Cash flow statement (A)	-	-	2,575.14	904.27
Other bank balances:				
In earmarked balances with bank	-	-	24.49	24.08
Fixed deposits pledged with bank as margin for credit enhancement/lien/ guarantees *	-	-	1,253.48	934.04
Total Other bank balances (B)	-	-	1,277.97	958.12
Total (A + B)	-	-	3,853.11	1,862.39

*Note: Out of the total fixed deposits of ₹1,338.15 Millions (including those disclosed under Note 14 Other Assets) fixed deposits amounting to ₹1,328.15 Millions (P.Y. ₹924.04 Millions) is for credit enhancement with respect to assignment and securitisation transaction and ₹10.00 Millions (P.Y. ₹10.00 Millions) for bank guarantee with National Stock exchange for public issue of Non Convertible Debentures.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

18. REVENUE FROM OPERATIONS

Particulars	(₹ in Millions)	
	2017-18	2016-17
Interest Income		
Interest from financing activities	11,202.94	8,184.26
Interest on fixed deposits	76.04	27.89
Income from Other Financial Services		
Profit from Sale of Current Investments	67.02	117.76
Processing fees (Net) (Refer Note 18a)	332.53	250.16
Administration fee and other charges from customer	505.97	229.49
Insurance commission	149.28	-
Total	12,333.78	8,809.56

18 a. Processing Fees includes

Particulars	(₹ in Millions)	
	2017-18	2016-17
Processing Fee	600.34	514.55
Direct selling agents commission	(267.81)	(264.39)
Total	332.53	250.16

19. OTHER INCOME

Particulars	(₹ in Millions)	
	2017-18	2016-17
Advisory and fee based income	352.88	253.57
Total	352.88	253.57

20. EMPLOYEE BENEFIT EXPENSES

Particulars	(₹ in Millions)	
	2017-18	2016-17
Salaries and Bonus	1,385.68	1,062.60
Contribution to Provident and other funds (Refer Note 20.1)	37.51	26.39
Gratuity Expenses (Refer Note 20.2)	9.89	7.25
Staff Welfare Expenses	17.03	9.69
Total	1,450.11	1,105.93

20.1 Defined contribution Plans:

The Company has also recognised the following amount as an expense

Particulars	(₹ in Millions)	
	2017-18	2016-17
Contribution to Provident Fund	31.88	24.28
Contribution to Labour Welfare Fund	0.05	0.04
Contribution to E.S.I.C.	5.58	2.07
Total	37.51	26.39

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

20. EMPLOYEE BENEFIT EXPENSES (Contd.)

20.2 The Company is recognising and accruing the employee benefit as per Accounting Standard 15 on "Employee Benefits". The details of the Company's post-retirement benefit plans for its employees are given below which is as certified by the actuary and relied upon by the auditors:

Particulars	(₹ in Millions)	
	2017-18	2016-17
Assumptions:		
Expected Return on Plan Assets	7.71%	6.77%
Rate of Discounting	7.71%	6.77%
Rate of Salary Increase	8.00%	5.00%
Rate of Employee Turnover	For service 4 years and below 28% p.a. and thereafter 1%p.a.	For service 4 years and below 25% p.a. and thereafter 10% 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.
Statement Showing Change in the Present Value of Projected Benefit Obligation		
Liability at the Beginning of the Year	17.30	10.62
Interest Cost	1.17	0.82
Current Service Cost	5.35	3.63
Past Service Cost - Vested Benefit Incurred During the Year	(1.83)	-
Liability Transferred In/ Acquisitions	0.70	0.70
(Liability Transferred Out/ Divestments)	(0.69)	(0.23)
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	(0.01)	-
(Benefit Paid From the Fund)	(1.43)	(1.24)
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(5.16)	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	7.30	1.25
Actuarial (Gains)/Losses on Obligations - Due to Experience	3.74	1.74
Present Value of Benefit Obligation at the End of the Year	26.44	17.29
Statement Showing Change in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	16.05	9.49
Expected Return on Plan Assets	1.09	0.73
Contributions by the Employer	12.14	7.61
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	(1.43)	(1.24)
(Assets Distributed on Settlements)	-	-
(Expenses and Tax for managing the Benefit Obligations- paid from the fund)	-	-
Effects of Asset Ceiling	-	-
The Effect Of Changes In Foreign Exchange Rates	-	-
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(0.41)	(0.54)
Fair Value of Plan Assets at the End of the Year	27.44	16.05
Actual Return on Plan Assets		
Expected Return on Plan Assets	1.09	0.73
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(0.41)	(0.54)

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

20. EMPLOYEE BENEFIT EXPENSES (Contd.)

Particulars	(₹ in Millions)	
	2017-18	2016-17
Actual Return on Plan Assets	0.68	0.19
Amount Recognised in Balance Sheet		
(Present Value of Benefit Obligation at the end of the Year)	(26.44)	(17.29)
Fair Value of Plan Assets at the end of the Year	27.44	16.05
Funded Status (Surplus/ (Deficit))	1.00	(1.24)
Unrecognised Past Service Cost at the end of the Year	-	-
Net (Liability)/Asset Recognised in the Balance Sheet	1.00	(1.24)
Expenses Recognised in the Statement of Profit or Loss		
Current Service Cost	5.35	3.63
Net Interest Cost	0.08	0.09
Actuarial (Gains)/Losses	6.29	3.53
Past Service Cost - Non-Vested Benefit Recognised During the Year	-	-
Past Service Cost - Vested Benefit Recognised During the Year	(1.83)	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Change in Asset Ceiling	-	-
Expenses Recognised in the Statement of Profit or Loss	9.89	7.25
Balance Sheet Reconciliation		
Opening Net Liability	1.24	1.13
Expense Recognised in Statement of Profit or Loss	9.89	7.25
Net Liability/(Asset) Transfer In	0.70	0.70
Net (Liability)/Asset Transfer Out	(0.69)	(0.23)
(Benefit Paid Directly by the Employer)	(0.01)	-
(Employer's Contribution)	(12.13)	(7.61)
Net Liability/(Asset) Recognised in the Balance Sheet	(1.00)	1.24

Particulars	(₹ in Millions)				
	2017-18	2016-17	2015-16	2014-15	2013-14
Experience Adjustments:					
Liability at the end of the year	(26.44)	(17.29)	(10.62)	(2.99)	(2.45)
Fair value of plan assets at the end of the year	27.44	16.05	9.49	2.70	1.22
Funded Status (Surplus/(Deficit))	1.00	(1.24)	(1.13)	(0.29)	(1.23)
Experience adjustment on plan liabilities	3.74	1.74	2.32	0.29	0.82
Experience adjustment on plan assets	(0.41)	(0.54)	(0.12)	(0.02)	0.01

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors. Estimated amount of payment in respect of gratuity to the fund will be ₹7.27 Millions in F.Y 2018-19 (P. Y. ₹6.60 Millions).

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 Accounting Standard 15 "Employee Benefits".

21. FINANCE COST

Particulars	(₹ in Millions)	
	2017-18	2016-17
Interest Expense		
- Loan from banks and others	2,797.87	2,309.48
- Bonds and Debentures	3,006.94	2,519.41
- Commercial Papers	1,359.82	949.75
Other borrowing cost (Refer Note 21 a)	86.66	75.93
Total	7,251.29	5,854.57

- a. Other borrowing cost include Mark to Market loss on Cross Currency Interest Rate Swaps of ₹3.00 Millions net of gain on revaluation of foreign currency term loan of ₹31.76 Millions

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

21. FINANCE COST (Contd.)

- b. Two Cross Currency Interest Rate Swaps entered for hedging purposes outstanding as at March 31, 2018 of USD 13.35 Millions (P.Y. USD 13.35 Millions) against foreign currency loan of USD 13.35 Millions (P.Y. USD 13.35 Millions) equivalent to ₹900.00 Millions (P.Y. ₹900.00 Millions).

22. OTHER EXPENSES

Particulars	₹ in Millions	
	2017-18	2016-17
Advertisement*	7.70	4.54
Books and Periodicals	0.04	0.02
Direct operating expenses:		
- Verification expenses	81.50	50.86
- Other direct operating expenses	51.71	37.59
Marketing Expenses	25.76	18.05
Bank Charges	2.53	1.76
Communication	11.69	8.67
Electricity Charges	21.26	14.94
Exchange and Statutory charges	7.43	5.44
Legal and Professional Fees	105.85	116.11
Miscellaneous Expenses	6.67	10.76
Office expenses	37.23	19.73
Postage and Courier charges	7.53	3.59
Printing and Stationary	10.00	7.90
Rates and Taxes	0.15	0.05
Rent expense (Refer Note 27)	73.61	57.00
Repairs and Maintenance:		
- Computer	0.77	1.05
- Others	4.46	2.17
Remuneration to Auditors (Net of Service tax/GST):		
- Audit Fees	0.41	0.24
- Other Services	0.66	0.16
- Out of Pocket Expenses	0.29	0.02
Software Charges	22.93	11.67
Subscription	0.25	0.13
Travelling and Conveyance	64.65	92.10
Corporate Social Responsibility (CSR) Expenses (Refer Note 31)	21.21	15.66
(Profit) / loss on sale of fixed assets	0.99	0.02
Total	567.28	480.23

*Payments made in foreign currency on accrual basis

Particulars	₹ in Millions	
	2017-18	2016-17
For Advertisement	0.81	0.22

23. PROVISIONS & WRITE OFFS

Particulars	₹ in Millions	
	2017-18	2016-17
Bad Debts Written off	12.82	45.45
Provision for Substandard and Doubtful Loans	238.46	158.60
Contingent provisions against Standard assets	128.60	140.50
Total	379.88	344.55

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

24. BASIC AND DILUTED EARNING PER SHARE

(₹ in Millions)

Particulars		2017-18	2016-17
Basic & Diluted Earning Per Share (EPS)			
Profit after tax as per Statement of Profit and Loss		1,974.09	835.58
Less: Preference Dividend		-	12.55
Less: Dividend Distribution Tax		-	2.55
Net Profit after Tax After Preference Dividend	A	1,974.09	820.48
Weighted average number of Equity Shares	B	19,968,181	16,483,249
Basic EPS (in ₹)	A/B	98.86	49.78
Potential Dilutive Preference Shares	C	-	-
Average number of Potential Dilutive preference shares considered for EPS	D	-	-
Total number of shares for Dilutive EPS	E=B+D	19,968,181	16,483,249
Profit after tax after adjustment of diluted Earnings	F	1,974.09	820.48
Diluted EPS (in ₹)	F/E	98.86	49.78

25. CONTINGENT LIABILITY AND COMMITMENTS:

- Contingent Liabilities: ₹ 0.01 Millions towards Legal Commitments (P.Y. ₹0.58 Millions)
 - Commitments: As on the balance sheet date there were undrawn credit commitments of ₹14,120.79 Millions (P.Y. ₹10,280.56 Millions) representing the amount sanctioned but not disbursed.
26. The Company is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's financial position.
27. The Company has taken office premises on operating lease at various locations. Lease rents amounting to ₹73.61 Millions (P.Y. ₹57.00 Millions) in respect of the same have been charged to Statement of Profit and Loss. The minimum lease rentals outstanding as at March 31, 2018 are as under:

(₹ in Millions)

Minimum Lease Payments	March 31, 2018	March 31, 2017
Up to One year	10.03	4.96
One to Five years	3.38	-
Total	13.41	4.96

28. The Company operates from and uses the premises infrastructure and other facilities and services as provided by its holding company/group companies which are termed as 'Shared Services'. Hitherto such shared services consisting of administrative and other revenue expenses incurred for the Company were identified and paid based on reasonable management estimates which are constantly refined in the light of additional knowledge gained relevant to such estimation.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

29. SEGMENT REPORTING:

Segment information for the year ended March 31, 2018 as per Accounting Standard 17 – 'Segment Reporting'.

Particulars	2017-18			2016-17		
	Investing and financing related activities	Others*	Total	Investing and financing related activities	Others*	Total
1. Segment Revenue	12,333.78	352.88	12,686.66	8,809.56	253.57	9,063.13
2. Segment Result	2,673.71	352.88	3,026.59	1,017.64	253.57	1,271.21
Add: Unallocated income net of other unallocated expenditure	-	-	-	-	-	-
Less: Unallocated expenditure net of other unallocated income	-	-	-	-	-	-
Less: Current taxes (Net of Mat Credit entitlement) and Deferred tax (charge)	-	-	1,052.50	-	-	435.63
Profit after tax	-	-	1,974.09	-	-	835.58
3. Segment Assets	124,003.47	66.35	124,069.82	84,471.10	25.30	84,496.40
Unallocated Corporate Assets	-	-	155.51	-	-	117.21
Total Assets	124,003.47	66.35	124,225.33	84,471.10	25.30	84,613.61
4. Segment Liabilities	112,553.67	-	112,553.67	75,009.52	-	75,009.52
Unallocated Corporate Liabilities	-	-	162.57	-	-	69.09
Total Liabilities	112,553.67	-	112,716.24	75,009.52	-	75,078.61
5. Capital Expenditure	26.15	-	26.15	8.09	-	8.09
Unallocated Capital Expenditure	-	-	-	-	-	-
Total Capital Expenditure	26.15	-	26.15	8.09	-	8.09
6. Depreciation / Amortisation	11.51	-	11.51	6.64	-	6.64
Unallocated Depreciation	-	-	-	-	-	-
Total Depreciation / Amortisation	11.51	-	11.51	6.64	-	6.64
7. Non-Cash expenditure other than depreciation	373.69	-	373.69	303.25	-	303.25
Unallocated Non-Cash expenditure other than depreciation	-	-	-	-	-	-
Total Non-Cash Expenditure other than depreciation	373.69	-	373.69	303.25	-	303.25

*Others include Advisory and fee based income

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

30. DISCLOSURES IN RESPECT OF ACCOUNTING STANDARD 18 "RELATED PARTY DISCLOSURES"

A) Related parties where control exists:

Nature of relationship	Name of party
Holding company	India Infoline Finance Limited
Ultimate Holding Company	IIFL Holdings Limited
Group Company	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	India Infoline Media & Research Services 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 Securities Limited (Formerly known as India Infoline Limited)
	IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)
	IIFL Wealth Management Limited
	IIFL Alternate Asset Advisors Limited
	IIFL (Asia) Pte. Limited
	IIFL Inc.
	IIFL Capital Pte. Limited
	IIFL Wealth (UK) Limited
	IIFL Asset Management Limited (Formerly known as India Infoline Asset Management Company Limited)
	IIFL Trustee Limited (Formerly Known as India Infoline Trustee Company Limited)
	IIFL Asset Management (Mauritius) Limited (Formerly known as IIFL Private Wealth (Mauritius) Limited)
	IIFL Distribution Services Limited
	IIFL Investment Advisor and Trustee Services Limited
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Private Wealth Hong Kong Limited
	IIFL Private Wealth (Suisse) SA.
	IIFL Capital Inc.
	IIFL Capital (Canada) Limited
	IIFL Securities Pte. Limited
	IIFL Asset Reconstruction Limited
	India Infoline Foundation
	IIFL Wealth Finance Limited (Formerly known as Chephis Capital Markets Limited)
	Meenakshi Tower LLP (Joint venture of IIFL Management Services Limited.)
	Ayusha Dairy Private Limited (w.e.f. March 01, 2017)
	Samasta Microfinance Limited (w.e.f. March 01, 2017)
	Clara Developers Private Limited (w.e.f. December 27, 2017)
Key Management Personnel	Mr. Monu Ratra-Executive Director & CEO
Other Related Parties	Mr. Nirmal Jain -Non-Executive Director
	Mr. R Venkataraman - Non-Executive Director
	Orpheus Trading Private Limited
	Ardent Impex Private Limited
	5Paisa P2P Limited
	5Paisa Capital Limited

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

30. DISCLOSURES IN RESPECT OF ACCOUNTING STANDARD 18 "RELATED PARTY DISCLOSURES" (Contd.)

(B) Significant Transaction with Related Parties:

(₹ in Millions)

Nature of Transaction	Ultimate Holding Company	Holding Company	Group Companies/ Other Related Parties	Key Management Personnel	Total
Interest Income					
India Infoline Finance Limited	-	36.52	-	-	36.52
	(-)	(58.50)	(-)	(-)	(58.50)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	0.39	-	0.39
	(-)	(-)	(-)	(-)	(-)
India Infoline Media & Research Services Limited	-	-	-	-	-
	(-)	(-)	(0.01)	(-)	(0.01)
Service Fee Income on Mortgage Portfolio					
India Infoline Finance Limited	-	18.49	-	-	18.49
	(-)	(28.05)	(-)	(-)	(28.05)
Consultancy Fees Income					
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	-	-	-
	(-)	(-)	(0.07)	(-)	(0.07)
Interest Expenses					
India Infoline Finance Limited	-	24.63	-	-	24.63
	(-)	(51.93)	(-)	(-)	(51.93)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	0.28	-	0.28
	(-)	(-)	(0.21)	(-)	(0.21)
IIFL Wealth Finance Limited (Formerly known as Chephis Capital Markets Limited)	-	-	-	-	-
	(-)	(-)	(0.20)	(-)	(0.20)
Advisory Fees/Arranger Fees					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	11.27	-	11.27
	(-)	(-)	(-)	(-)	(-)
Samasta Microfinance Limited	-	-	1.20	-	1.20
	(-)	(-)	(-)	(-)	(-)
IIIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	8.73	-	8.73
	(-)	(-)	(-)	(-)	(-)
Brokerage/Delayed Paying Expense					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	0.03	-	0.03
	(-)	(-)	(0.01)	(-)	(0.01)
Rent Expenses					
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	19.29	-	19.29
	(-)	(-)	(12.38)	(-)	(12.38)
IIIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	-	-	0.71	-	0.71
	(-)	(-)	(-)	(-)	(-)
Corporate Social Responsibility Expense (CSR)					
India Infoline Foundation	-	-	21.21	-	21.21
	(-)	(-)	(15.66)	(-)	(15.66)
Service Fees On Assignment Transaction					
India Infoline Finance Limited	-	7.08	-	-	7.08
	(-)	(12.42)	(-)	(-)	(12.42)

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

30. DISCLOSURES IN RESPECT OF ACCOUNTING STANDARD 18 "RELATED PARTY DISCLOSURES" (Contd.)

(B) Significant Transaction with Related Parties:

(₹ in Millions)

Nature of Transaction	Ultimate Holding Company	Holding Company	Group Companies/ Other Related Parties	Key Management Personnel	Total
Preference Dividend (Proposed/Paid)					
India Infoline Finance Limited	-	-	-	-	-
	(-)	(32.55)	(-)	(-)	(32.55)
Receipt towards Assignment Transaction					
India Infoline Finance Limited	-	113.90	-	-	113.90
	(-)	(138.32)	(-)	(-)	(138.32)
Payment towards Assignment Transaction					
India Infoline Finance Limited	-	187.55	-	-	187.55
	(-)	(139.58)	(-)	(-)	(139.58)
ICD taken					
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	1,080.00	-	1,080.00
	(-)	(-)	(260.00)	(-)	(260.00)
India Infoline Finance Limited	-	100.00	-	-	100.00
	(-)	(3,306.00)	(-)	(-)	(3,306.00)
ICD returned back					
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	1,080.00	-	1,080.00
	(-)	(-)	(260.00)	(-)	(260.00)
India Infoline Finance Limited	-	100.00	-	-	100.00
	(-)	(3,306.00)	(-)	(-)	(3,306.00)
ICD Given					
India Infoline Finance Limited	-	960.00	-	-	960.00
	(-)	(1,480.00)	(-)	(-)	(1,480.00)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	500.00	-	500.00
	(-)	(-)	(-)	(-)	(-)
India Infoline Media & Research Services Limited	-	-	-	-	-
	(-)	(-)	(40.00)	(-)	(40.00)
ICD Received Back					
India Infoline Finance Limited	-	960.00	-	-	960.00
	(-)	(1,480.00)	(-)	(-)	(1,480.00)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	500.00	-	500.00
	(-)	(-)	(-)	(-)	(-)
India Infoline Media & Research Services Limited	-	-	-	-	-
	(-)	(-)	(40.00)	(-)	(40.00)
Remuneration to KMP					
Remuneration to KMP	-	-	-	28.83	28.83
	(-)	(-)	(-)	(23.61)	(23.61)
Allotment of Equity Share					
India Infoline Finance Limited	-	-	-	-	-
	(-)	(3,850.00)	(-)	(-)	(3,850.00)
Redemption & Conversion of Preference shares					
India Infoline Finance Limited	-	-	-	-	-
	(-)	(300.00)	(-)	(-)	(300.00)
Allocation / Reimbursement of expenses Paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	25.48	-	25.48
	(-)	(-)	(23.82)	(-)	(23.82)
IIFL Holdings Limited	25.86	-	-	-	25.86
	(16.85)	(-)	(-)	(-)	(16.85)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	9.44	-	9.44
	(-)	(-)	(8.77)	(-)	(8.77)

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

30. DISCLOSURES IN RESPECT OF ACCOUNTING STANDARD 18 "RELATED PARTY DISCLOSURES" (Contd.)

(B) Significant Transaction with Related Parties:

(₹ in Millions)

Nature of Transaction	Ultimate Holding Company	Holding Company	Group Companies/ Other Related Parties	Key Management Personnel	Total
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	- (-)	- (-)	0.05 (-)	- (-)	0.05 (-)
Allocation / Reimbursement of expenses Paid Others					
India Infoline Finance Limited	- (-)	0.72 (1.34)	- (-)	- (-)	0.72 (1.34)
IIFL Securities Limited (Formerly known as India Infoline Limited)	- (-)	- (-)	0.99 (6.36)	- (-)	0.99 (6.36)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	- (-)	- (-)	0.04 (-)	- (-)	0.04 (-)
India Infoline Media & Research Services Limited	- (-)	- (-)	0.01 (0.11)	- (-)	0.01 (0.11)
IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	- (-)	- (-)	- (0.02)	- (-)	- (0.02)
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	- (-)	- (-)	1.50 (-)	- (-)	1.50 (-)
IIIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	- (-)	- (-)	0.03 (-)	- (-)	0.03 (-)
IIFL Distribution Services Limited	- (-)	- (-)	0.11 (-)	- (-)	0.11 (-)
Allocation / Reimbursement of expenses Received					
IIFL Securities Limited (Formerly known as India Infoline Limited)	- (-)	- (-)	9.49 (10.92)	- (-)	9.49 (10.92)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	- (-)	- (-)	0.45 (1.63)	- (-)	0.45 (1.63)
IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	- (-)	- (-)	0.02 (0.01)	- (-)	0.02 (0.01)
5Paisa Capital Limited	- (-)	- (-)	0.02 (-)	- (-)	0.02 (-)
IIIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	- (-)	- (-)	0.54 (-)	- (-)	0.54 (-)
Allocation / Reimbursement of expenses Received Others					
IIFL Securities Limited (Formerly known as India Infoline Limited)	- (-)	- (-)	0.39 (0.13)	- (-)	0.39 (0.13)
IIIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	- (-)	- (-)	0.00 (-)	- (-)	0.00 (-)
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	- (-)	- (-)	- (0.14)	- (-)	- (0.14)
India Infoline Finance Limited	- (-)	0.75 (0.95)	- (-)	- (-)	0.75 (0.95)

Figures in Bracket represents previous year's figures.

Intraday Inter corporate deposit transactions are not considered in above disclosure.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

30. DISCLOSURES IN RESPECT OF ACCOUNTING STANDARD 18 "RELATED PARTY DISCLOSURES" (Contd.)

(C) Closing Balance:

(₹ in Millions)

Nature of Transaction	Ultimate Holding Company	Holding Company	Group Companies/ Other Related Parties	Total
Receivable towards assignment				
India Infoline Finance Limited	-	13.86	-	13.86
	(-)	(-)	(-)	(-)
Payable towards assignment				
India Infoline Finance Limited	-	17.55	-	17.55
	(-)	(60.15)	(-)	(60.15)
Outstanding loan amount of securitised book purchased				
India Infoline Finance Limited	-	194.03	-	194.03
	(-)	(307.93)	(-)	(307.93)
Outstanding loan amount of securitised book sold				
India Infoline Finance Limited	-	168.17	-	168.17
	(-)	(355.73)	(-)	(355.73)

(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	Balance as on March 31, 2018	Maximum outstanding during the year
India Infoline Finance Limited	-	500.00
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	500.00

31. Corporate Social Responsibility:

During the financial year 2017-18, the Company has spent ₹21.21 Millions (P.Y. ₹15.66 Millions) out of the total amount of ₹21.21 Millions (P.Y. ₹15.66 Millions) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility. The aforementioned amount has been contributed to India Infoline Foundation.

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

33. 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:

1) Capital

Particulars	As at March 31, 2018	As at March 31, 2017
CRAR (%)	17.17	17.58
CRAR - Tier I Capital (%)	13.06	14.36
CRAR - Tier II Capital (%)	4.11	3.22
Amount of subordinated debt raised as Tier- II Capital (₹ in Millions)	4,470.00	2,620.00
Amount raised by issue of Perpetual Debt Instruments (₹ in Millions)	-	-

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

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

The disclosure pertaining to Reserve Fund has been shown under Note 4.2

III) Investments

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
A) Value of Investments		
(i) Gross Value of Investments		
(a) In India	-	0.19
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	-	0.19
(b) Outside India	-	-
B) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made During the Year	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	-	-
(iv) Closing balance	-	-

IV) Derivatives

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

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
(i) The notional principal of swap agreements	-	-
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the HFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	-	-

b) Exchange Traded Interest Rate (IR) Derivative

(₹ in Millions)

Particulars	As at March 31, 2018
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument- wise)	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2018 (instrument-wise)	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2017
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument- wise)	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2017 (instrument-wise)	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

c) Disclosure on Risk Exposure in Derivatives

Qualitative Disclosure

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps. The Company undertakes derivative transactions for hedging on-balance sheet assets and liabilities.

Quantitative Disclosure

(₹ in Millions)

Particulars	Currency Derivatives As at March 31, 2018	Interest Rate Derivatives As at March 31, 2018
(i) Derivatives (Notional Principal Amount) For hedging	900.00	-
(ii) Marked to Market Positions [1]		
(a) Assets (+)	870.28	-
(b) Liability (-)	905.04	-
(iii) Credit Exposure [2]	4.50	-
(iv) Unhedged Exposures	-	-

Quantitative Disclosure

(₹ in Millions)

Particulars	Currency Derivatives As at March 31, 2017	Interest Rate Derivatives As at March 31, 2017
(i) Derivatives (Notional Principal Amount) For hedging	900.00	-
(ii) Marked to Market Positions [1]		
(a) Assets (+)	-	-
(b) Liability (-)	-	-
(iii) Credit Exposure [2]	-	-
(iv) Unhedged Exposures	-	-

V) Details on Securitisation

a) Securitisation transactions under SPV Structure sponsored by HFC

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
i) No of SPVs sponsored by the HFC for securitisation transactions	8	7
ii) Total amount of securitised assets as per books of the SPVs sponsored	5,840.12	6,783.44
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	920.08	797.73

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
iv) Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures towards Credit Enhancements		
(A) Exposure to own securitisations	-	-
(B) Exposure to third party securitisations	-	-
b) On-balance sheet exposures towards Credit Enhancements		
(A) Exposure to own securitisations	-	-
(B) Exposure to third party securitisations	-	-

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

(₹ in Millions)

Particulars	2017-18	2016-17
(i) No. of accounts	3	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	1.84	-
(iii) Aggregate consideration	3.60	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	1.76	-

c) Details of Assignment transactions undertaken

(₹ in Millions)

Particulars	2017-18	2016-17
(i) No. of accounts	4,532	1,972
(ii) Aggregate value (net of provisions) of accounts assigned	14,552.96	8,171.16
(iii) Aggregate consideration	14,552.96	8,171.16
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

d) Details of non-performing financial assets purchased/sold

Details of non-performing financial assets purchased

(₹ in Millions)

Particulars	2017-18	2016-17
(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	2017-18	2016-17
(i) No. of accounts sold	3	-
(ii) Aggregate outstanding	6.28	-
(iii) Aggregate consideration received	3.60	-

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

VI) Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

Particulars	(₹ in Millions)										
	Upto 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 year	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	125.00	312.50	1,078.54	1,494.63	4,173.07	24,144.69	14,227.27	2,318.19	1,383.62	420.53	49,678.04
Market Borrowing	(124.93)	-	(312.50)	(1,195.72)	(2,333.66)	(12,785.01)	(8,495.05)	(431.02)	(50.86)	(72.00)	(25,800.75)
Foreign Currency Liabilities	4,865.09	12,656.70	5,177.58	4,620.00	9,911.02	8,573.00	890.60	1,150.00	850.00	-	48,693.99
	(5,130.66)	(5,318.76)	(500.00)	(2,515.00)	(443.00)	(18,004.59)	(5,950.00)	(150.00)	-	-	(38,012.01)
	-	-	-	-	900.00	-	-	-	-	-	900.00
	(-)	(-)	(-)	(-)	(-)	(900.00)	(-)	(-)	(-)	(-)	(900.00)
Assets											
Advances	1,768.35	1,791.87	2,511.28	4,067.27	8,793.73	13,660.89	13,452.54	10,946.71	16,975.54	45,120.09	119,088.27
Investments	(1,374.43)	(1,336.17)	(1,849.90)	(3,165.28)	(6,855.38)	(9,376.50)	(8,406.46)	(7,914.12)	(12,940.75)	(28,660.30)	(81,879.29)
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
	(0.19)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.19)
	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Figures in Brackets represents previous year's figures.

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management and relied upon by the auditors.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

VII) Exposure

a) Exposure to Real Estate Market

(₹ in Millions)

Category	As at March 31, 2018	As at March 31, 2017
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	14,553.60	6,993.54
- More Than ₹15 Lacs	77,085.19	54,827.89
(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;	28,669.66	20,892.64
(iii) Investments in Mortgage Backed Securities(MBS) and other securitised exposures-		
a. Residential	-	-
b. Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank(NHB)and Housing Finance Companies(HFCs)	-	-

Exposure includes amount outstanding including principal, interest overdue and interest accrued but not due.

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management and relied upon by the auditors.

b) Exposure to Capital Market

(₹ in Millions)

Category	As at March 31, 2018	As at March 31, 2017
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

(₹ in Millions)

Category	As at March 31, 2018	As at March 31, 2017
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-

- c) Details of financing of parent company products:** The Company does not have any exposure in financing of parent company products.
- d) Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC:** The Company has not exceeded the SGL and GBL Limits.
- e) Unsecured Advances:** The Company does not have any unsecured advances in the form of rights, licenses, authorisations, etc. that are charged as collateral for the purposes of financing.

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) Disclosure of Penalties imposed by NHB and 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 30.

XI) Rating assigned by Credit Rating Agencies and migration of rating during the year

a) Ratings Assigned by Credit Rating Agencies as at March 31, 2018

(₹ in Millions)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
Short Term Debt Programme	ICRA Limited	[ICRA]A1+	30,000.00
Long term principal protected equity linked debenture programme	ICRA Limited	PP-MLD[ICRA]AA(stable)	2,000.00
Long Term Fund Based Bank Lines Programme	ICRA Limited	[ICRA]AA(stable)	50,000.00
Subordinate Debt Programme	ICRA Limited	[ICRA]AA(stable)	6,000.00
NCD Programme	ICRA Limited	[ICRA]AA(stable)	40,000.00
Non-Convertible Debenture	CARE Ratings	CARE AA /Outlook positive	4,000.00
Non-Convertible Debenture	CARE Ratings	CARE AA /Outlook positive	5,000.00
Short Term Debt	CRISIL Limited	CRISIL A1+ (Assigned)	30,000.00
Non-Convertible Debenture	CRISIL Limited	CRISIL AA	2,000.00
Non-Convertible Debenture	CRISIL Limited	CRISIL AA	500.00
Non-Convertible Debenture	CRISIL Limited	CRISIL AA	5,000.00
Unsecured Subordinated NCD	Brickwork Rating	BWR AA+ Outlook Stable	2,000.00
Unsecured Subordinated NCD	Brickwork Rating	BWR AA+ Outlook Stable	350.00

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

b) Details of Migration of Ratings for the FY 2017-18

(₹ in Millions)

Credit Rating Agency	Instrument	Amount Rated	Rating in 2017-18	Rating in 2016-17
Nil	Nil	Nil	Nil	Nil

a) Ratings Assigned by Credit Rating Agencies as at March 31, 2017

(₹ in Millions)

Instrument	Name of the Rating Agency	Rating Assigned	Amount Rated
Short Term Debt Programme	ICRA Limited	[ICRA]A1+	30,000.00
Long Term Principal Protected Equity Linked Debenture Programme	ICRA Limited	PP-MLD[ICRA]AA (stable)	2,000.00
Long Term Fund Based Bank Lines Programme	ICRA Limited	[ICRA]AA (stable)	50,000.00
Unsecured Redeemable NCD Programme	ICRA Limited	[ICRA]AA (stable)	3,000.00
Subordinate Debt Programme	ICRA Limited	[ICRA]AA (stable)	1,000.00
NCD Programme	ICRA Limited	[ICRA]AA (stable)	40,000.00
Non-Convertible Debenture	CARE Ratings	CARE AA/Outlook stable	4,000.00
Non-Convertible Debenture	CARE Ratings	CARE AA /Outlook stable	5,000.00
Non-Convertible Debenture	CRISIL Limited	CRISIL AA	2,000.00
Non-Convertible Debenture	CRISIL Limited	CRISIL AA	500.00
Non-Convertible Debenture	CRISIL Limited	CRISIL AA	5,000.00
Unsecured Subordinate NCD	Brickwork Rating	BWR AA+ Outlook Stable	1,000.00

b) Details of Migration of Ratings for the FY 2016-17

(₹ in Millions)

Credit Rating Agency	Instrument	Amount Rated	Rating in 2016-17	Rating in 2015-16
CRISIL Limited	Non-Convertible Debenture	7,500.00	CRISIL AA/Stable	CRISIL AA-/Stable

XII) Remuneration of Non-Executive Directors

(₹ in Millions)

Name of Directors	Remuneration Paid 2017-18	Remuneration Paid 2016-17
Mr. Kranti Sinha	0.36	0.45
Mr. S. Sridhar	1.36	1.48

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

a) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(₹ in Millions)

Particulars	2017-18	2016-17
Provisions for depreciation on Investment	-	-
Provision made towards Income tax	1,014.76	449.36
Provision towards Substandard and doubtful assets	238.46	158.60
Provision for Standard Assets:	128.60	140.50
CRE-Residential	38.48	27.59
CRE- Others	6.14	17.67
Others	83.98	95.24

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

XIV) Details on Provisions and Contingencies

b) Break up of Loans and Advances and Provisions thereon

(₹ in Millions)

Particulars	Housing		Non-Housing	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Standard Assets				
a) Total Outstanding Amount	82,557.28	52,792.76	36,945.39	29,469.84
b) Provisions made	365.31	243.00	140.79	134.50
Sub Standard Assets				
a) Total Outstanding Amount	404.38	165.52	190.90	183.94
b) Provisions made	214.94	77.27	116.56	93.74
Doubtful Assets- Cat I				
a) Total Outstanding Amount	108.55	86.78	39.61	43.12
b) Provisions made	77.49	58.72	48.23	27.43
Doubtful Assets- Cat II				
a) Total Outstanding Amount	73.63	32.63	38.79	1.91
b) Provisions made	68.89	29.48	32.57	1.85
Doubtful Assets- Cat III				
a) Total Outstanding Amount	7.58	-	0.18	-
b) Provisions made	7.58	-	0.18	-
Loss Assets				
a) Total Outstanding Amount	5.11	5.11	0.21	0.21
b) Provisions made	5.11	5.11	0.21	0.21

XV) Draw Down From Reserves: The disclosure pertaining to drawn down from Reserves has been disclosed shown under Note 4.

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, 2018	As at March 31, 2017
Total Loans & Advances to twenty largest borrowers	9,218.91	5,701.32
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	7.74%	6.96%

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

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure to twenty largest borrowers / customers	10,904.89	6,987.53
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	8.10%	7.50%

Note: Exposure includes amount outstanding including principal, interest overdue, interest accrued but not due and sanctioned but undisbursed.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

d) Concentration of NPAs

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure (Gross NPA) to top ten NPA accounts	234.10	178.01

e) Sector wise NPAs

(₹ in Millions)

Sector	As at March 31, 2018	As at March 31, 2017
A. Housing Loans		
1. Individuals	539.66	289.77
2. Builders/Project Loans	59.49	0.27
3. Corporates	-	-
4. Others (specify)	-	-
B. Non-Housing Loans		
1. Individuals	167.19	146.79
2. Builders/Project Loans	4.58	31.52
3. Corporates	98.01	50.87
4. Others (specify)	-	-

XVII) Movement of NPAs

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
(I) Net NPAs to Net Advances (%)	0.25%	0.28%
(II) Movement of NPAs (Gross)		
a. Opening balance	519.21	337.74
b. Additions during the year	580.94	350.97
c. Reductions during the year	(231.22)	(169.50)
d. Closing balance	868.93	519.21
(III) Movement of NPAs (Net)		
a. Opening balance	225.41	163.05
b. Additions during the year	287.33	188.03
c. Reductions during the year	(215.57)	(125.67)
d. Closing balance	297.17	225.41
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a. Opening balance	293.80	174.70
b. Provisions made during the year	390.64	214.20
c. Write-off/write-back of excess provisions	(112.68)	(95.10)
d. Closing balance	571.76	293.80

XVIII) **Overseas Assets:** The Company does not have any overseas assets.

XIX) **Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms):** The Company does not have any off-balance sheet SPVs for which there is requirement of consolidation as per accounting norms.

Notes forming part of Financial Statements as at and for the year ended March 31, 2018 (Contd.)

33. Disclosures as per "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016": (Contd.)

XX) Disclosure of Customer Complaints

(₹ in Millions)

Particulars	2017-18	2016-17
a) No of Complaints pending at the beginning of the year	9	-
b) No of Complaints received during the year	572	233
c) No of Complaints redressed during the year	574	224
d) No of Complaints pending at the end of the year	7	9

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

34. The comparative financial information for the year ended March 31, 2017 were audited by the previous auditors of the company.
35. Previous Year's figure have been re-grouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of **India Infoline Housing Finance Limited**

R. Venkataraman
Director
(DIN: 00011919)

Monu Ratra
Executive Director & CEO
(DIN: 07406284)

Ajay Jaiswal
Company Secretary

Amit Gupta
Chief Financial Officer

Corporate Information

BOARD OF DIRECTORS

Mr. S. Sridhar

Chairman & Independent Director

Mr. Kranti Sinha

Independent Director

Mr. Nirmal Jain

Non-Executive Director

Mr. R. Venkataraman

Non-Executive Director

Mr. Monu Ratra

Executive Director & CEO

Ms. Deepali Nair

Non-Executive Director

COMMITTEES OF BOARD

Audit Committee

Mr. S. Sridhar

Mr. Kranti Sinha

Mr. R. Venkataraman

Nomination and Remuneration Committee

Mr. Kranti Sinha

Mr. S. Sridhar

Mr. R. Venkataraman

Stakeholder Relationship Committee

Mr. R. Venkataraman

Mr. Monu Ratra

Ms. Deepali Nair

CSR Committee

Mr. Kranti Sinha

Mr. R. Venkataraman

Ms. Deepali Nair

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. Prateek Goyal

Head – Treasury

Mr. Pankaj Ahuja

Head – Collections

Mr. Manoj Kumar

Head – Legal

Mr. Lokesh Goyal

Head – Technical

Mr. Upendra Jaiswal

Head – Internal Audit

Ms. Anjali Chadha

Head – Backend Operations

Mr. Rachit Gehani

Head – Strategy

Registrar and Transfer Agent

Link Intime India Private Limited

C 101, 247 Park, L.B.S. Vikhroli

(West), Mumbai – 400 083

Corporate Office

IIFL Tower, 98, Udyog Vihar

Phase – IV, Gurgaon - 122015

Registered Office

12A-10, 13th Floor, Parinee

Crescenzo G Block, C-38 & 39,

Bandra Kurla Complex, Bandra

(East), Mumbai – 400 051

LIST OF BANKERS/ FINANCIAL INSTITUTIONS

National Housing Bank

Axis Bank

Bank of India

Bank of Maharashtra

Canara Bank

Central Bank of India

Citibank

Corporation Bank

HDFC Bank

ICICI Bank

IDBI Bank

IDFC Bank

Indian Bank

IndusInd Bank

Jammu and Kashmir Bank

Karnataka Bank

Kotak Mahindra Bank Limited

May Bank

Oriental Bank of Commerce

Punjab National Bank

Punjab & Sind Bank

RBL Bank Ltd

Standard Chartered Bank

State Bank of India

Syndicate bank

United Bank of India

Yes Bank



IIFL Home Finance Limited

(Formerly known as India Infoline Housing Finance Limited)

CIN- U65993MH2006PLC166475
12A-10, 13th Floor, Parinee Crescenzo,
C-38 and C-39, G Block, Behind MCA,
Bandra-Kurla Complex, Bandra (East), Mumbai-400 051.

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